SEAT Pagine Gialle S.p.A.

First Half Report as at 30 June 2010

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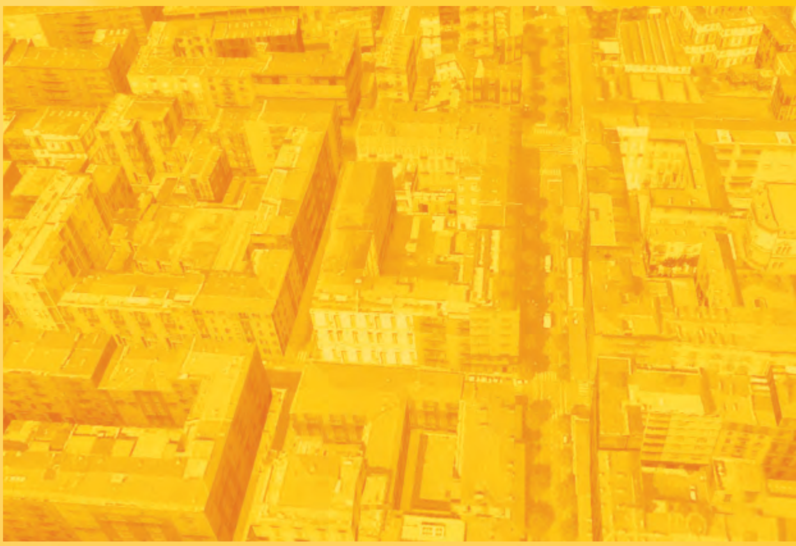
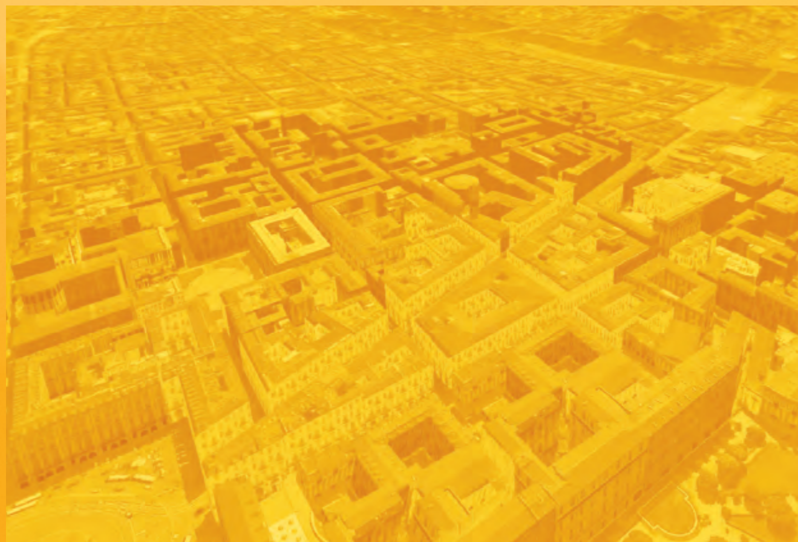
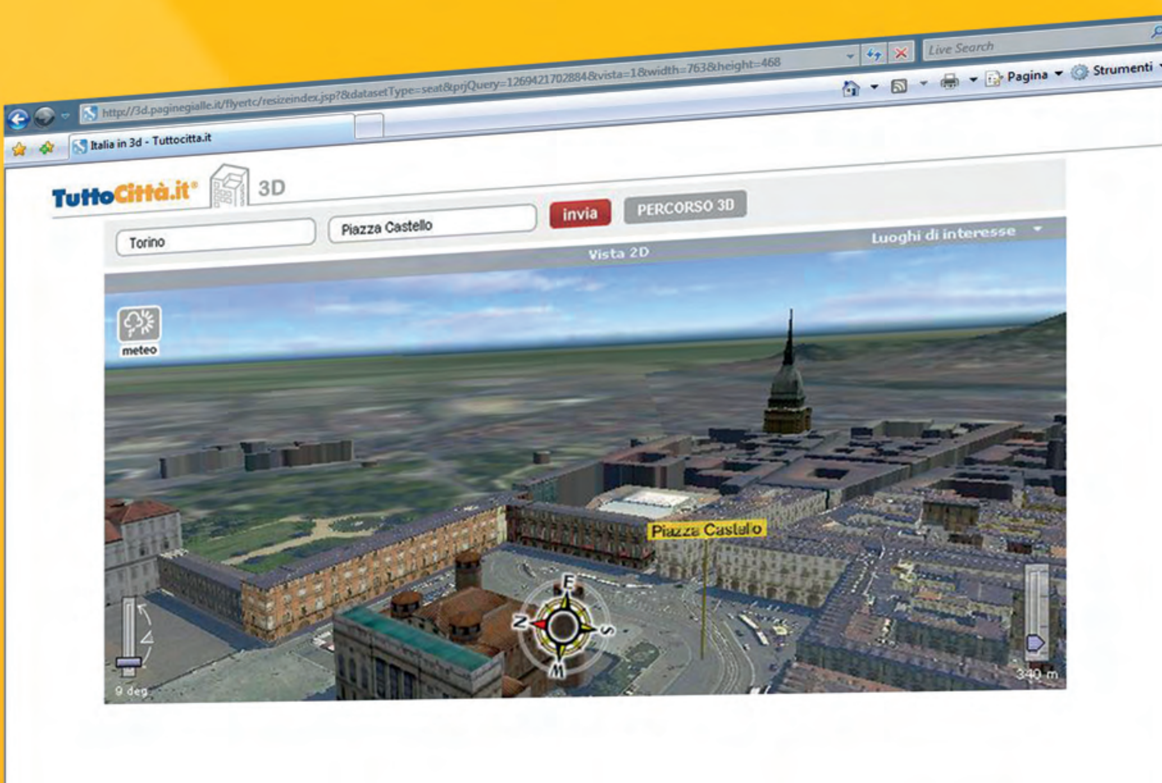
Registered office: Via Grosio, 10/4 - 20151 Milan (Italy)
Secondary office: Corso Mortara, 22 - 10149 Turin (Italy)
Fully paid-up share capital: € 450,265,793.58
Tax Code and VAT Code: 03970540963
Milan Register of Companies No.: 03970540963

The SEAT Pagine Gialle group is a major multimedia platform that provides detailed information and sophisticated search tools to tens of millions of users and offers its advertisers a wide range of multiplatform advertising methods (print-online-voice). The group specialises in highly innovative online products, print directories and directory assistance services, as well as providing a large selection of complementary advertising services.



Highlights and general information



Company Boards

(information updated on 4 August 2010)

Board of Directors	Chairman	Enrico Giliberti
	Chief Executive Officier	Alberto Cappellini (*)
	Directors	Lino Benassi (I)
		Dario Cossutta
		Maurizio Dallocchio (I)
		Alberto Giussani (I)
		Luigi Lanari
		Pietro Masera
		Antonio Tazartes
		Marco Tugnolo (**)
		Nicola Volpi
	Secretary to the Board of Directors	Marco Beatrice
Remuneration Committee	Chairman	Lino Benassi
		Dario Cossutta
		Luigi Lanari
Internal Audit Committee	Chairman	Alberto Giussani
		Maurizio Dallocchio
		Marco Tugnolo (**)
Board of Statutory Auditors	Chairman	Enrico Cervellera
	Acting Auditors	Vincenzo Ciruzzi
		Andrea Vasapolli
	Alternate Auditors	Guido Costa
		Guido Vasapolli
Common representative of savings shareholders		Stella D'Atri (***)
Manager responsible for preparation of the financial statements		Massimo Cristofori
Independent Auditors		Reconta Ernst & Young S.p.A.

(*) Appointed by the Ordinary Shareholders' Meeting on 21 April 2010. Mr Cappellini was co-opted by the Board of Directors in 2009 following the resignation of Mr Majocchi. The meeting of the Board of Directors held after the Shareholders' Meeting on 21 April 2010 confirmed Mr Cappellini's appointment as CEO.

(**) Appointed by the Ordinary Shareholders' Meeting on 21 April 2010. Mr Tugnolo was co-opted by the Board of Directors in 2009 following the resignation of Mr Lucchini. The meeting of the Board of Directors held after the Shareholders' Meeting on 21 April 2010 confirmed Mr Tugnolo's appointment as a member of the Internal Audit Committee.

(***) Appointed by the Special Savings Shareholders' Meeting held on 20 April 2010.

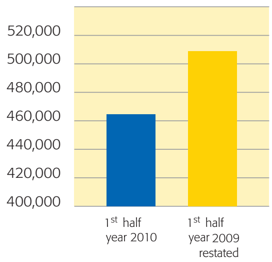
(I) Meets the requirements set forth in article 148, paragraph 3 of Legislative Decree No. 58/98 and in the Self-Regulation Code for Listed Companies in order to qualify as independent.

Economic and financial highlights of the Group

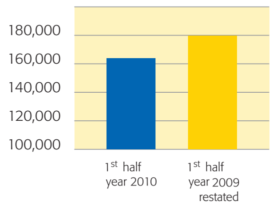
The economic and financial results of the SEAT Pagine Gialle group for the first half of 2010, the first half of 2009 and for the year 2009 have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and approved by the European Union (IFRS).

- Consolidated REVENUE totalled € 463,2 million, down 8.7% (-7.7% on a same-publication and constant-exchange-rate basis) compared to the first half of 2009 *restated* partially offset by an increase in online revenue in Italy.
- Consolidated EBITDA totalled € 162,4 million, with margins remaining stable thanks to a reduction in operating costs.
- Operating FREE CASH FLOW remained more or less unchanged at € 199,2 million due to a fall in capital expenditure.
- NET FINANCIAL DEBT stood at € 2,735.0 million, down more than € 40 million compared to the first quarter of 2010 (€ 2,776.4 million).

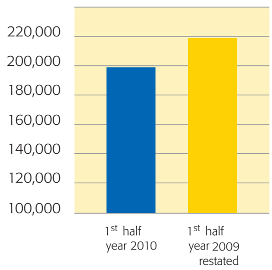
Revenues
(euro thousands)



EBITDA
(euro thousands)



Operating free cash flow
(euro thousands)



(euro/thousand)	1st half year 2010	1st half year 2009 restated (**)	Year 2009 restated
Economic and financial data			
Revenue from sales and services	463,196	507,325	1,209.821
GOP (*)	179,725	209,492	588,635
EBITDA (*)	162,397	179,218	527,601
EBIT (*)	119,179	48,827	245,728
Pre-tax profit (loss)	336	(44,748)	30,881
Profit (loss) on continuing operations	(9,290)	(39,589)	(23,292)
Profit (loss) pertaining to the Group	(10,916)	(51,310)	(38,041)
FCF (*)	199,163	217,829	456,304
Investment in the Turin property complex	-	-	1,091
Capital expenditure	15,957	25,553	51,943
Net invested capital (*)	3,712,058	3,782,607	3,768,127
of which goodwill and customer database	*3,337,843*	*3,447,889*	*3,335,257*
of which net operating working capital (*)	*268,978*	*250,982*	*326,222*
Equity of the Group	1,002,929	1,010,954	1,017,352
Net financial debt (*)	2,734,975	2,790,231	2,762,782
Income ratio			
EBITDA/Revenue	35.1%	35.3%	43.6%
EBIT/Revenue	25.7%	9.6%	20.3%
EBIT/Net invested capital	3.2%	1.3%	6.5%
Profit (loss) for the period/Equity of the Group	(1.1%)	(5.1%)	(3.7%)
FCF/Revenue	43.0%	42.9%	37.7%
Net operating working capital/Revenue	58.1%	49.5%	27.0%
Workforce			
Workforce at the end of the period (units)	5,126	6,403	6,088
Average workforce for the period	4,723	5,016	4,947
Revenue/Average workforce	98	101	245

(*) See "Non-GAAP measures" below for details of items.

(**) See "Report on Operations, paragraph Introduction" for further details of first half year 2009 *restated* and year 2009 *restated.*

Non-GAAP measures

In addition to the conventional IFRS indicators, this first half report includes some non-GAAP measures with a view to providing a better assessment of the group's economic and financial performance.

These indicators are not identified as accounting measures within the IFRS framework, and therefore must not be considered an alternative standard by which to assess the economic and financial performance of the group or its capital or financial position. Since these measures are not governed by the benchmark accounting standards, the calculation methods used by the Group may not be consistent with those implemented by others, meaning that the measures may not be comparable. These indicators are as follows:

- **GOP** *(gross operating profit)* refers to EBITDA before other operating income and expense and other valuation adjustments and provisions to reserves for risks and charges.
- **EBITDA** *(operating income before amortisation, depreciation, other non-recurring and restructuring costs, net)* refers to **EBIT** (operating result) before non-recurring and restructuring costs, net, and operating amortisation, depreciation and write-down (relating to intangible assets with a finite useful life and tangible assets) and non-operating amortisation and write-down (relating to goodwill and customer databases).
- **Operating Working Capital and Non-Operating Working Capital** are calculated respectively as operating current assets (relating to operating revenue) net of operating current liabilities (relating to operating costs) and as non-operating current assets net of non-operating current liabilities: neither item includes current financial assets or liabilities.
- **Net Invested Capital** is the sum of operating working capital, non-operating working capital, goodwill and customer databases, and other operating and non-operating non-current assets and liabilities.
- **Net Financial Debt (Book Value)** is the sum of cash and cash equivalents and current and non-current financial assets and liabilities.
- **Net Financial Debt** refers to net financial debt (book value) gross of the net market value of cash flow hedge instruments and transaction costs on loans and securitisation program not yet amortised.
- **FCF** *(free cash flow)* is the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and operating non-current liabilities on the net financial position.

Information for Shareholders

Shares

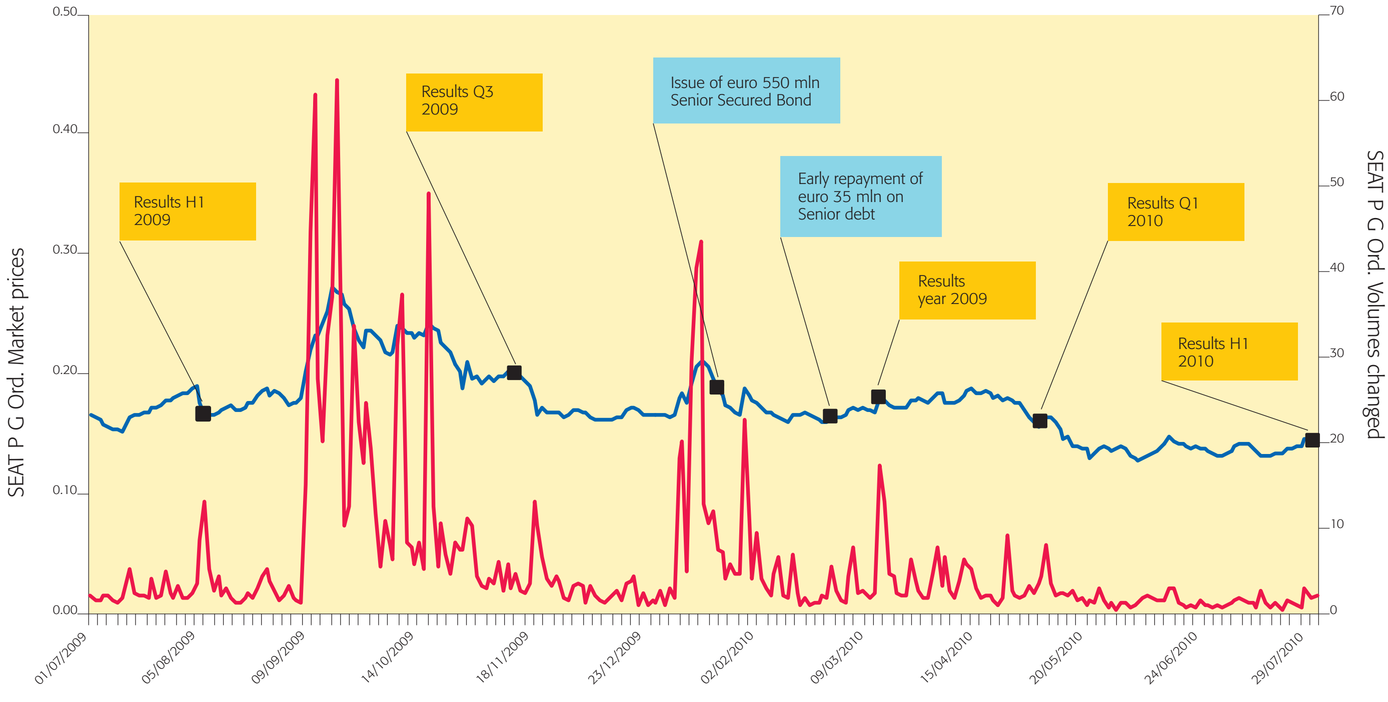
		At 30.06.2010	At 30.06.2009
Share capital	euro	450,265,793.58	450,265,793.58
Number of ordinary shares	No .	1,927,027,333	1,927,027,333
Number of savings shares	No .	680,373	680,373
Market capitalisation *(based on average market price)*	euro/mln	261	366
SEAT Pagine Gialle S.p.A. share weighting (SPG ordinary shares) at 30 June - Ftse Italia All Share (ex Mibtel) index		0.048%	0.060%
Equity per share	euro	0.520	1.246
Profit (loss) per share	euro	(0.006)	(0.063)

Ratings for SEAT Pagine Gialle S.p.A.
(information updated on 4 August 2010)

Rating Agency	Corporate	Outlook
S&P's	B	Negative
Moody's	B2	Negative

Market performance of ordinary shares over the last 12 months and volumes traded

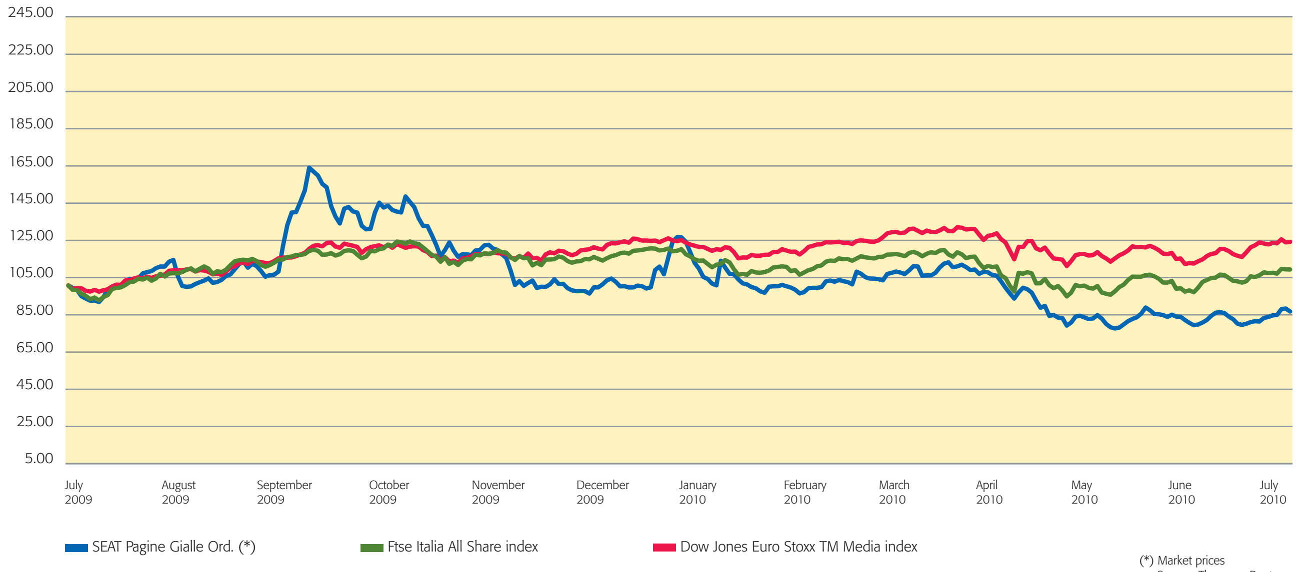
On 30 June 2010 shares in SEAT Pagine Gialle closed at € 0.14, down 16.2% compared to the price of € 0.16 recorded on 31 December 2009.
The negative performance of the shares was influenced by the structure of the Company's enterprise value, which consists predominantly of debt. Slight falls in the Company's enterprise value, which fell 1.7% in the first half, resulted in ever-greater reductions in its market value, represented by its share price.
Some companies in the sector saw their enterprise value increase (Page Jaunes +1.7%, YPG Canada +7.6%), while that of others suffered a downward trend (Yell -26.5%, Eniro -38.4%). French firm Pages Jaunes and YPG of Canada saw their share prices rise 8.7% and 10.8% respectively over the period.



(*) Market prices
Source: Thomson Reuters

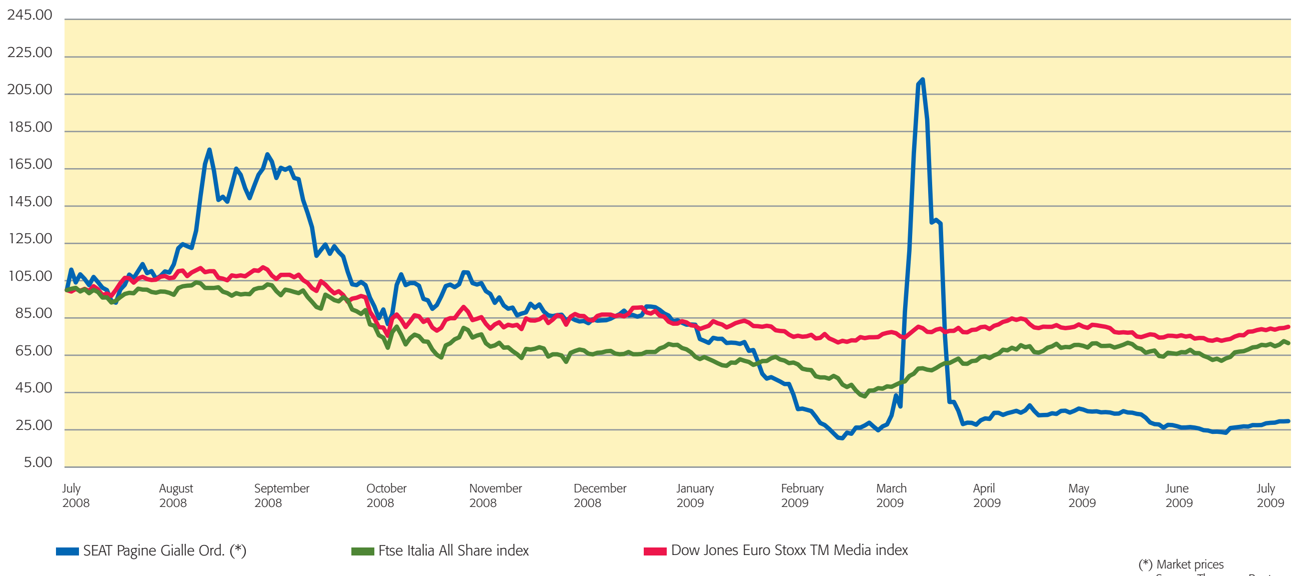
Performance of SEAT Pagine Gialle S.p.A. shares in the first half of 2010 vs. FTSE Italia All-Share Index and Dow Jones Euro Stoxx Media Index

(information updated on 04 August 2010)



(*) Market prices
Source: Thomson Reuters

Performance of SEAT Pagine Gialle S.p.A. shares in the first half of 2009 vs. FTSE Italia All-Share Index and Dow Jones Euro Stoxx Media Index



(*) Market prices
Source: Thomson Reuters

Shareholders

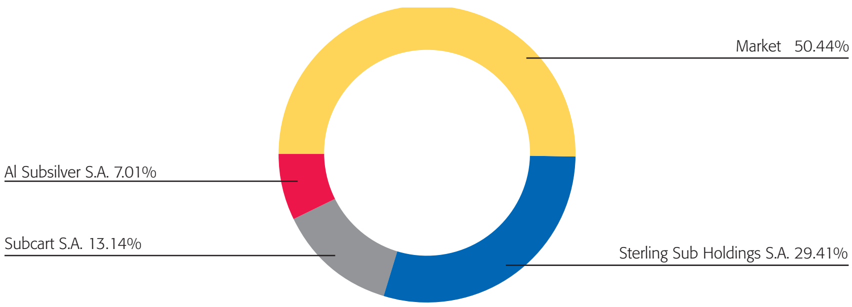
The table below lists the ordinary Shareholders of SEAT Pagine Gialle S.p.A., which hold more than 2% of the Company's share capital as at 30 June 2010.

Shareholders at 30 June 2010	Ordinary shares held	% ordinary share capital
Sterling Sub Holdings S.A.	566,683,788 (*)	29.41
Subcart S.A.	253,219,895 (*)	13.14
AI Subsilver S.A.	135,113,995 (*)	7.01

(*) On 28 January 2010, the first and second ranking pledge granted by the reference shareholders over their shares in SEAT, pursuant to the deed of pledge executed on 22 April 2004 (as subsequently extended and confirmed), has been confirmed in relation with the execution, by SEAT, of, inter alia, an amendment agreement of the Facilities Agreement executed with RBS on 26 May 2005 (as subsequently amended and supplemented).

On the same date, the reference shareholders granted a new pledge over SEAT shares, ranking subsequently to the existing pledges, as security for the Company's liabilities under the 10.50% € 550 million Senior Secured Bond expiring 2017 and all the relevant documentation executed in connection therewith.

SEAT Pagine Gialle S.p.A. shareholder structure as at 30 June 2010



Organisational structure of the Group

Directory Assistance

- Telegate AG a) 77.37%
  - 11811 Nueva Información Telefónica S.A.U. 100%
  - Telegate Media AG 100%
- Telegate Italia S.r.l. 100%
- Prontoseat S.r.l. 100%

Directories UK

- TDL Infomedia Ltd. 100%
  - Thomson Directories Ltd. 100%

Other Activities

- Consodata S.p.A. 100%
- Cipi S.p.A. 100%
- Europages S.A. 93.562%

Italian Directories

- SEAT Pagine Gialle S.p.A.

Legenda
a) 16.24% directly owned and 61.13% owned through Telegate Holding GmbH.

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Report on Operations

Contents

Economic and financial performance of the Group

Introduction

The amount relating to the transaction costs on the loan with Lighthouse International Company S.A. has been adjusted in respect of the amount not yet amortised as at 31 December 2008. The values of the statements of financial position as at 30 June 2009 and 31 December 2009 have therefore been restated in accordance with the provisions of IAS 8, with a view to applying the amortised cost method provided for by IAS 39 more accurately thanks to the use of more reliable calculation methods than those used on 31 December 2008.
Since the amounts recorded in the statements of operations differ slightly from the aforementioned recalculation, the adjustment has had an impact mainly on capital, and in particular has affected equity (an increase of € 5.2 million) and non-current financial debts to third parties (a reduction of € 5.2 million), as described in more detail in point 4 of the Explanatory notes to the "Condensed consolidated first half year financial statements".

Furthermore, following the Group's decision to pull out of the Katalog Yayin ve Tanitim Hizmetleri A.S. joint-venture in Turkey (in the second quarter of 2009), and to sell its French subsidiary, 118 000 SAS (in the third quarter of 2009), the economic and financial results for these companies are recorded, as of these dates, under "Non-current assets held for sale and discontinued operations", in accordance with the provisions of IFRS 5. Consequently, pursuant to the provisions of IFRS 5, the values of the statements of operations and statement of cash flows for the first half of 2009 have been restated in respect of those previously published.

The "Outlook" section contains forward-looking statements regarding the group's intentions, beliefs and current expectations in relation to its financial results and other aspects of its business and strategies. Undue confidence should not be placed in the reliability of these forward-looking statements, since the final results may differ significantly from those contained in these forecasts for a number of reasons, most of which are beyond the Group's control.

➔ Reclassified consolidated statements of operations for the first half of 2010

Revenue from sales and services totalled € 463,196 thousand in the first six months of 2010, down 8.7% compared to the corresponding period of the previous year (€ 507,325 thousand). On a same-publication basis and at constant euro/sterling exchange rates, revenue fell by € 38,460 thousand (-7.7%).

Before eliminations between the Group's different Business Areas, revenue from sales and services comprises the following components:

- *Italian Directories* (SEAT Pagine Gialle S.p.A.): in the first half of 2010 revenue totalled € 353,695 thousand, a fall of 8.8% compared to the corresponding period of the previous year (down 5.9% on a same-publication basis). Revenue from core products (print-online-voice) fell 3.7% compared to the first half of 2009 (on a same-publication basis), with considerable growth in online business, driven by traditional advertising methods and online marketing services. The impact of online revenue rose over the period compared to that of print products. The overall drop in revenue was also a result of a decline in revenue from *i)* voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services due to a reduction in the number of calls to directory assistance services; *ii)* some minor products, particularly BtoB, following the company's strategic review of its product portfolio, which resulted in the decision to discontinue certain publications; *iii)* promotional items that suffered more than other products due to a slowly recovering economy and the sales force greater focus on core products, particularly online activities;
- *Directories UK (Thomson Directories group)* totalled € 32,240 thousand for the period, down € 337 thousand compared to the first half of 2009 (down 16.8% on a same-publication and constant-exchange-rate basis). The revenues reflected the particularly difficult context of the UK directories market, which had a significant impact on all operators in the sector. Online activities saw a lesser fall in revenue after the company began to develop its online business in 2009, facilitating the launch of new, innovative product ranges in the first half of 2010;
- *Directory Assistance (Telegate group including Telegate Italia S.r.l. and Prontoseat S.r.l)* totalled € 73,866 thousand in the first half of 2010, down around 12% compared to the first half of 2009 *restated* (€ 84,129 thousand). This was mainly due to the Telegate group, which generated revenue of € 68,405 thousand in the period, down 12.6% compared to the first half of 2009 *restated*. Revenue from Germany totalled € 56,086 thousand, a fall of 8.8% compared to the first half of 2009 *restated* (€ 61,536 thousand), due to the structural difficulties of the directory assistance market, with a steady decline in call volumes, which was only partially offset by the growth in online revenue (+€ 3 million). Prontoseat S.r.l. recorded revenue of € 5,465 thousand for the period, down 5.2% compared to the first half of 2009, due to a fall in inbound revenue (14.7%), which was only partially offset by the growth in revenue from outbound traffic (7.1%);

- *Other activities (Europages S.A., Consodata S.p.A. and Cipi S.p.A.)* totalled € 21,716 thousand in the first half of 2010, down more than 14% compared to the same period of the previous year (€ 25,378 thousand) due to a fall in revenue from Europages and Cipi.

Materials and external services, net of costs debited to third parties but included in the IFRS financial statements under the item "Other revenue and income", totalled € 177,065 thousand for the period, down € 8,507 thousand compared to the first half of 2009 *restated* (€ 185,572 thousand). In more detail, materials and external services for the period were as follows:

- *industrial costs:* these totalled € 55,961 thousand, down by € 5,559 thousand compared to the first half of 2009 *restated*, mainly due to lower revenue volume. The fall in print revenue led to a drop in the number of pages printed and volumes distributed, mainly for SEAT Pagine Gialle S.p.A., which resulted in a decline in paper consumption (down by € 1,934 thousand), production costs (down by € 3,590 thousand), and distribution and storage costs (down by € 617 thousand). Meanwhile, data transmission costs increased (up by € 3,164 thousand) due to the creation of online services;
- *commercial costs:* these totalled € 73,999 thousand over the period, against € 71,081 thousand in the first half of 2009 *restated.* The increase was due to expenditure on *commissions and other sales costs*, up by € 4,768 thousand compared to the first half of 2009 *restated*, resulting from the greater cost of commissions paid to sales agents and publishers as part of the new online ranges designed to increase web traffic. Advertising expenditure was down by € 2,141 thousand compared to the first half of 2009 *restated*;
- *overheads:* these totalled € 48,046 thousand for the period, down by € 6,068 thousand compared to € 54,114 thousand in the first half of 2009 *restated* thanks to the cost-cutting measures implemented.

Salaries, wages and employee benefits, net of recovered costs, totalled € 106,406 thousand for the period, down by € 5,855 thousand compared to € 112,261 thousand in the first half of 2009 *restated*. SEAT Pagine Gialle S.p.A, the group's Parent Company, was largely responsible for this change, seeing its salaries, wages and employee benefits fall by € 3,838 thousand after reducing its average workforce from 1,369 employees in the first half of 2009 to 1,219 in the first half of 2010.
The group's workforce, including directors, project workers and trainees, consisted of 5,126 units as at 30 June 2010 (against 6,088 employees as at 31 December 2009). The average workforce over the period was 4,723 units, against 5,016 units in the first half of 2009 *restated*.

Gross operating profit (GOP) at € 179,725 thousand, was down by € 29,767 thousand compared to the first half of 2009 *restated* (€ 209,492 thousand). The operating margin for the period was 38.8%, against 41.3% in the first half of 2009 *restated*.

Valuation adjustments and provisions to reserves for risks and charges, net, totalled € 16,909 thousand, mainly related to allowance for doubtful trade receivables (€ 16,596 thousand). The reduction of € 5,168 thousand compared to the first half of 2009 *restated* enabled the Group to keep its coverage of overdue receivables (42.9% for the Parent Company) substantially stable compared to the end of 2009. The item also includes provisions to reserves for operating risks and charges, net, positive for € 88 thousand, against negative € 6,428 thousand in the first half of 2009 *restated*. The change was mainly caused by the reversal of a provision of € 4,500 thousand made in 2007 due to the expiration of contractual risks with telephone operators in relation to mobile network call origination charges, which arose following an AGCom decision and subsequent dispute.

Other operating income and expenses, net was negative for € 419 thousand (negative for € 1,930 thousand in the first half of 2009 *restated*).

Operating result before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA), which was € 162,397 thousand, fell by 9.4% compared to € 179,218 thousand in the first half of 2009 *restated*, with an operating margin of 35.1%, more or less stable compared to 35.3% in the first half of 2009 *restated*.

Operating amortisation, depreciation and write-down, at € 32,564 thousand, remained more or less unchanged compared to the first half of 2009 *restated* (€ 31,388 thousand). Of this figure, € 24,798 thousand related to intangible assets with a finite useful life (€ 23,484 thousand in the first half of 2009 *restated*), and € 7,766 thousand to property, plant and equipment (€ 7,904 thousand in the first half of 2009 *restated*).

Non-operating amortisation, depreciation and write-down totalled € 1,565 thousand (€ 82,598 thousand in the first half of 2009 *restated*). This related to the amortisation of the customer databases recorded under the Group's assets when acquisitions were carried out, as an allocation of part of the difference between the price paid and the portion of equity acquired, in accordance with the provisions of IFRS 3 and based on internal and/or expert valuations. The reduction of € 81,033 thousand compared to the first half of 2009 *restated* was entirely due to the customer database recorded under SEAT Pagine Gialle S.p.A.. The amortisation process for this database was begun in August 2003 and completed in July 2009.

Non-recurring and restructuring costs, net totalled € 9,089 thousand (€ 16,405 thousand in the first half of 2009 *restated*). The reduction of € 7,316 thousand related to restructuring costs, net, which in the first half of 2009 included a provision of € 8,235 thousand to the reserve for the restructuring carried out by SEAT Pagine Gialle S.p.A. the previous year, to cover the costs that the company expected to incur as part of its 2009-2011 Reorganisation Plan.
Non-recurring costs, net totalled € 6,080 thousand (€ 4,479 thousand in the first half of 2009). Of this figure, € 4,832 thousand related to the Parent Company for consultancy on

new business development strategies and the new reporting system and for charges and provisions for tax consultancy. The item also includes expenses (€ 1,024 thousand) paid to members of the TDL Infomedia Group's pension scheme who signed up, in the first half of 2010, to the enhanced transfer value program launched in 2009.

Operating result (EBIT) was € 119,179 thousand (€ 48,827 thousand in the first half of 2009 *restated*). The operating margin was 25.7%, compared to 9.6% in the first half of 2009 *restated*. The Group's operating result reflects the negative performance illustrated by the GOP and EBITDA, but it did benefit from lower non-operating amortisation costs in relation to the Parent Company's customer database, which was fully amortised as of July 2009.

Interest expense, net totalled € 118,843 thousand (€ 93,575 thousand in the first half of 2009 *restated*). This figure represents the difference between interest expense, at € 127,332 thousand, against € 110,424 thousand in the first half of 2009 *restated*, and interest income, at € 8,489 thousand (€ 16,849 thousand in the first half of 2009 *restated*). The net balance rose by € 25,268 thousand (+27%) compared to the first half of 2009 *restated* due to the combined effects of: *i)* higher interest paid on the Senior Secured Bond issued at the end of January 2010, which was only partially offset by lower interest on Senior debt, of which € 507,136 thousand was repaid using funds from the bond issue, *ii)* lower interest income and *iii)* lower foreign exchange gains, net.

Interest expense in the first half of 2010 included in particular:
- € 54,876 thousand of interest expense on the fixed-rate Subordinated loan with Lighthouse International Company S.A., in line with the amount recorded in the first half of 2009. This amount includes € 2,751 thousand in relation to the amortisation of transaction costs for the period;
- € 32,763 thousand of interest expense (€ 37,092 thousand in the first half of 2009 *restated*) on the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland plc Milan branch. This amount includes € 5,464 thousand relating to transaction costs for the period, and € 9,263 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk;
- € 25,473 thousand of interest expense on Senior Secured Bond issued on 28 January 2010. This amount includes € 636 thousand relating to transaction costs for the period;
- € 2,681 thousand of interest expense (€ 3,576 thousand in the first half of 2009) on Asset Backed Securities issued in June 2006 by a special purpose entity (SPE), Meliadi Finance S.r.l., as part of a securitisation program;
- € 1,142 thousand of interest expense (€ 1,163 thousand in the first half of 2009) on debts due to Leasint S.p.A. in relation to seven financial leasing contracts raised for the purchase of the Turin property complex, Corso Mortara, to which SEAT Pagine Gialle S.p.A. relocated its offices at the end of December 2008;

- € 5,592 thousand of other interest expense (€ 4,992 thousand in the first half of 2009 *restated*), including € 2,679 thousand of losses from discounting non-current assets and liabilities (€ 2,920 thousand in the first half of 2009);
- € 4,805 thousand of foreign exchange losses (€ 8,854 thousand in the first half of 2009) recorded as a result of hedging transactions against euro/sterling exchange rate risk, which were more than offset by the foreign exchange gains of € 7,044 thousand recorded under interest income.

Interest income in the first half of 2010 mainly included:
- € 825 thousand of interest income (€ 2,128 thousand in the first half of 2009) from non-current assets, particularly assets used to finance the Thomson Group's pension fund;
- € 546 thousand of interest income (€ 1,819 thousand in the first half of 2009) from the investment of short-term liquidity in the banking system at Euribor rates, which fell sharply in the first half of 2010, due to the reduction in the average investment rate and the fall in average deposits.
- € 7,044 thousand of foreign exchange gains (€ 12,641 thousand in the first half of 2009) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk;

In the first half of 2010 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 7.25% (5.3% in the first half of 2009). This change was due to the difference in the structure of the debt following the issue of the new € 550,000 thousand 10.5% fixed-rate Senior Secured Bond at the end of January 2010 and the simultaneous early repayment of € 507,136 thousand of senior bank facilities at a considerably lower variable rate.

Income taxes for the period were a negative for € 9,626 thousand (positive for € 5,159 thousand in the first half of 2009 *restated*). In accordance with the provisions of IAS 34, income taxes for the period were calculated by applying the average rates expected for the 2010 financial year to the gross pre-tax profit.

Profit (loss) on continuing operations: a loss of € 9,290 thousand, against a loss of € 39,589 thousand in the first half of 2009 *restated.*

Profit (loss) from non-current assets held for sale and discontinued operations: a net loss of € 162 thousand, against € 10,823 thousand in the first half of 2009 *restated* due to additional costs relating to the sale of the group's French subsidiary, 118 000 SAS, in November 2009.

Profit (loss) for the period of Non-controlling interests totalled a profit of € 1,464 thousand, up from € 898 thousand in the first half of 2009 *restated*, mainly related to non-controlling interests of the Telegate Group.

Profit (loss) for the period pertaining to the Group totalled a loss of € 10,916 thousand, against a loss of € 51,310 thousand in the first half of 2009 *restated.*

Reclassified consolidated statement of financial position as at 30 June 2010

Introduction

For its facilities agreement with The Royal Bank of Scotland plc Milan branch, the indenture with Lighthouse International Company S.A. and the January 2010 bond issued, SEAT Pagine Gialle S.p.A. provided the usual security, the most significant being:
- pledge over the main trademarks;
- pledge over shares in the main subsidiaries.

The securities was given in favour of The Royal Bank of Scotland plc Milan branch, Lighthouse International Company S.A., the holders of the bond issued by Lighthouse International Company S.A. and subscribers of the bond issued directly by the company in January 2010 (as well as all other creditors secured within the context of the aforementioned transactions).
There is also a special lien in favour of The Royal Bank of Scotland plc Milan branch on fixed assets of SEAT Pagine Gialle S.p.A. with a net book value greater than or equal to € 25 thousand pursuant to the Senior Facilities Agreement.

Net invested capital

Net invested capital, at € 3,712,058 thousand as at 30 June 2010, fell by € 56,069 thousand compared to 31 December 2009. The item consists of the following components:

- **goodwill and customer databases**, which totalled € 3,337,843 thousand as at 30 June 2010 (€ 3,335,257 thousand as at 31 December 2009), of which € 3,313,587 thousand related to goodwill and € 24,256 thousand related to customer databases, recorded under Group's assets upon acquisitions.
  The strengthening of sterling against the euro resulted in an increase of € 4,151 thousand in the goodwill recorded for the Thomson group compared to 31 December 2009.
  As regards goodwill, in light of the economic and financial results generated by some group companies throughout the year and a SEAT Pagine Gialle S.p.A. market capitalisation that remains lower than its carrying value, it was decided that the impairment tests carried out on 31 December 2009 should be updated on 30 June 2010, referring to the business estimates for the 2010-2013 period, which were drawn up in accordance with the guidelines approved by the Board of Directors. These estimates basically confirmed the enterprise value figures determined in December 2009, and therefore it was not necessary to record new write-downs for the first half;

- **other non-current assets**, totalled € 219,320 thousand as at 30 June 2010, down by € 13,421 thousand compared to 31 December 2009 (€ 232,741 thousand). These assets include:

  - *capital assets and equipment,* which totalled € 174,619 thousand as at 30 June 2010, down by € 16,109 thousand compared to 31 December 2009 (€ 190,728 thousand). This change reflects capital expenditure worth € 15,957 thousand, which was more than offset by operating amortisation, depreciation and write-down totalling € 32,564 thousand.

Capital expenditure covered the following Business Area:

- € 12,080 thousand was spent on SEAT Pagine Gialle S.p.A. (€ 21,208 thousand in the first half of 2009) on: *i)* the completion and strengthening of the CRM system to facilitate connections with back-end systems (SAP, SEM etc.); *ii)* improvements to IT systems to meet the new requirements of Marketing Plans, with the launch of new products and improvements made to existing print-online-voice platforms; *iii)* a review of main processes with a view to developing its products from a customer-centric perspective by adopting a single-contract *(Contratto Unico)* approach. In the domain of technology and infrastructure, centralised hardware was acquired for the SEAT Pagine Gialle S.p.A. data centre with a view to replacing outdated equipment in order to improve performance and reduce energy consumption;

- € 1,387 thousand was spent on the Telegate group for the development of software and IT infrastructure in order to expand its online systems in Germany;

- € 1,283 thousand was spent on Consodata S.p.A. for the purchase and development of application-oriented software;

- *equity investments valued at equity*, totalling € 343 thousand as at 30 June 2010, related to, Lighthouse International Company S.A.. It did not present any change compared to 31 December 2009;

- *deferred tax assets, net* totalled € 43,120 thousand as at 30 June 2010 (€ 40,562 thousand as at 31 December 2009) of which € 27,399 thousand related to SEAT Pagine Gialle S.p.A., € 7,868 thousand to the TDL Infomedia group and € 7,003 thousand to the Telegate group;

- operating non-current liabilities, totalled € 66,954 thousand as at 30 June 2010 (€ 66,880 thousand as at 31 December 2009). The item includes:
  - *defined benefit pension plans*, which totalled € 21,114 thousand as at 30 June 2010 (€ 20,213 thousand as at 31 December 2009), net of assets designed to finance these plans, totalling € 38,474 thousand as at 30 June 2010 (€ 34,879 thousand as at 31 December 2009). Both the liabilities and the respective assets were valued by an independent actuary using the projected unit credit method. During the first half of 2010, € 2,695 thousand was paid out to increase the assets used in the context of these schemes. Pursuant to the provisions of IAS 19, paragraph 93A, the actuarial losses, net, generated in the first half, which totalled € 1,203 thousand, were recognised directly to group equity, net of tax effect (actuarial losses were € 20,532 thousand as at 31 December 2009). The enhanced transfer value program continued to be implemented throughout the first half of 2010 in order to encourage employees who subscribe to the Thomson pension fund to move to pension schemes outside the TDL Infomedia group chosen by them. This program offers members an incentive which, at the choice of the individual member, may be either added to the sum transferred to another pension fund or paid out immediately when the transfer is made. The sums recorded as incentives totalled € 1,024 thousand in 2010;
  - *reserve for severance indemnities:* totalled € 19,933 thousand as at 30 June 2010 (€ 20,742 thousand as at 31 December 2009);

- *the reserve for sale agents' termination indemnities*, totalled € 23,444 thousand as at 30 June 2010 (€ 23,186 thousand as at 31 December 2009). This reserve represents the accrued debt at the end of the period to sales agents for the indemnities due to them in the event of termination of the agency contract, according to current regulation. Taking into consideration expected future cash flows, the reserve was discounted using an average market rate for debts of similar duration, estimating its expected future use over time based on the average life of agency contracts;

- **non-operating non-current liabilities**, totalled € 14,047 thousand as at 30 June 2010 (€ 19,871 thousand as at 31 December 2009), of which € 13,078 thousand related to deferred tax liabilities, mainly in relation to the Telegate group (€ 12,456 thousand). The reduction compared to 2009 was due to the transfer of the current portion of the reserve for restructuring (€ 4,759 thousand) in connection with the SEAT Pagine Gialle S.p.A. 2009-2011 Reorganisation Plan;

- **operating working capital**, was positive for € 268,978 thousand as at 30 June 2010 (positive for € 326,222 thousand as at 31 December 2009).
  The reduction in operating working capital in the first half of 2010 (€ 57,244 thousand) was significant since the business is characterised by high levels of turnover concentrated in the last few months of the year and collected the following year.

  Listed below are the most significant changes that took place in the first half with reference to:
  - *trade receivables*, which totalled € 597,390 thousand as at 30 June 2010, falling by € 24,211 thousand compared to 31 December 2009. Of which € 21,245 thousand was related to SEAT Pagine Gialle S.p.A. and € 4,961 thousand to Consodata S.p.A.;
  - *trade payables*, which totalled € 196,011 thousand as at 30 June 2010, falling by € 32,936 thousand compared to 31 December 2009. The reduction essentially related to SEAT Pagine Gialle S.p.A. (€ 35,790 thousand), was, in particular, attributable to a fall in the number of purchases made;
  - *payables for services to be rendered and other current liabilities*, which totalled € 170,204 thousand as at 30 June 2010, increasing by € 84,870 thousand compared to 31 December 2009 in relation to purchase and invoice times for advertising services;

- **non-operating working capital**, was negative for € 33,158 thousand as at 30 June 2010 (negative for € 39,416 thousand as at 31 December 2009), down by € 6,258 thousand compared to 31 December 2009.
  This includes in particular:
  - *income tax payables*: € 25,498 thousand as at 30 June 2010 (€ 17,209 thousand as at 31 December 2009), up by € 8,289 thousand compared to 31 December 2009 due to the provision for taxes of the period in the statements of operations;
  - *current tax assets* totalling € 8,028 thousand as at 30 June 2010 (€ 7,387 thousand as at 31 December 2009);
  - *reserves for non-operating current risks and charges* were € 15,411 thousand as at 30 June 2010 (€ 14,453 thousand as at 31 December 2009). A total of € 8,070 thousand of the current reserve for restructuring in place at the beginning of the year was used throughout the first half, of which € 5,740 thousand related to SEAT Pagine Gialle S.p.A. for the implementation of its 2009-2011 Reorganisation Plan;
  - *other non-operating liabilities:* € 293 thousand as at 30 June 2010 (€ 15,159

thousand as at 31 December 2009). This change was largely due to the payment of *i)* debt relating to the acquisition of a 49% stake in Cipi in 2009 and *ii)* debt due to beneficiaries of the Thomson group pension plan who subscribed to the enhanced transfer value program at the end of 2009.

Equity

Equity totalled € 1,023,300 thousand as at 30 June 2010 (€ 1,039,263 thousand as at 31 December 2009 *restated*), of which € 1,002,929 thousand to the Parent Company (€ 1,017,352 thousand as at 31 December 2009 *restated*), and € 20,371 thousand to Non-controlling interests (€ 21,911 thousand as at 31 December 2009).
The reduction of € 14,423 thousand was attributable to the Parent Company and was the result of:
- an increase of € 1,532 thousand (net of tax effect) in actuarial losses recorded with reference to defined benefit pension plans;
- the reduction of € 1,124 thousand compared to 31 December 2009 in the Reserve for cash flow hedge instruments (negative for € 23,338 thousand as at 30 June 2010; negative for € 22,214 thousand as at 31 December 2009). For further details see paragraph 15 of the Explanatory note to the Condensed consolidated first half year financial statements;
- the loss of € 10,916 thousand for the period.

Net financial debt

As at 30 June 2010 this was structured as follows

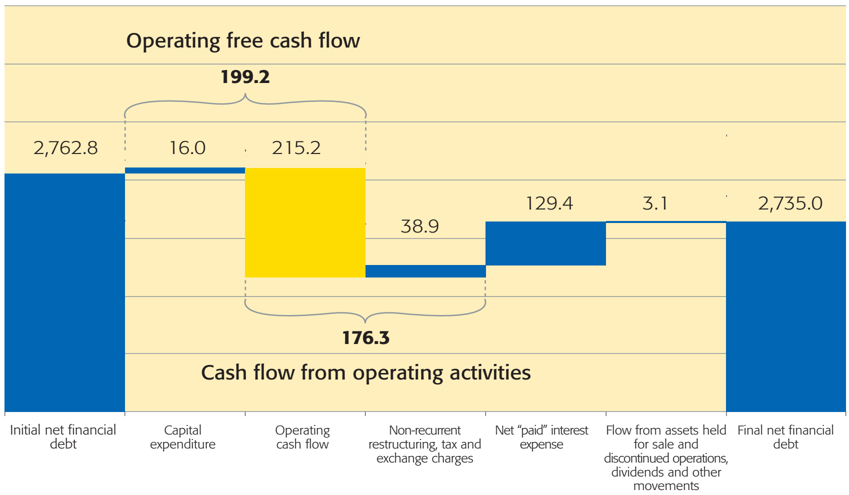
(euro/thousand)	At 30.06.2010	At 31.12.2009 restated	Change
Net financial debt	**2,734,975**	**2,762,782**	**(27,807)**
Transaction costs on loans and securitisation program not yet amortised	(69,589)	(56,403)	(13,186)
Net market value of "cash flow hedge" instruments	23,372	22,485	887
Net book financial debt - "book value"	**2,688,758**	**2,728,864**	**(40,106)**
of which:			
- Non-current financial liabilities	*2,834,872*	*2,396,012*	*438,860*
- Current financial liabilities	*197,864*	*628,849*	*(430,985)*
- Non-current financial assets	*(1,964)*	*(2,088)*	*124*
- Current financial assets and cash and cash equivalents	*(342,014)*	*(293,909)*	*(48,105)*

Net financial debt totalled € 2,734,975 thousand as at 30 June 2010, and decreased by € 27,807 thousand compared to 31 December 2009 thanks to the cash flow generated by operations despite the combined effects of greater interest expenses and transaction costs of the new Senior Secured Bond.
This differs from the net financial debt - "book value" (described below) since it is recorded "gross" of costs incurred on *i)* transaction costs relating to the medium and long-term Senior

debt with The Royal Bank of Scotland plc Milan branch, *ii)* the Subordinated loan due to Lighthouse International Company S.A., *iii)* the Senior Secured Bond issue and *iv)* the launch of the program of securitisation of trade receivables. These costs, net of accumulated amortisation, totalled € 69,589 thousand as at 30 June 2010.
The net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place on the reference date of this report or, if already closed early, cash flow hedge instruments that will become effective in subsequent periods. As at 30 June 2010 this value amounted in total to net liabilities of € 23,372 thousand, compared to € 22,485 thousand as at 31 December 2009.

The following graph summarizes of the main elements that affected the change in net financial debt in the first half of 2010:

(euro/mln)



Net financial debt - "book value" totalled € 2,688,758 thousand as at 30 June 2010 (€ 2,728,864 thousand as at 31 December 2009 *restated*) and comprises the following items:

- **non-current financial liabilities** totalled € 2,834,872 thousand as at 30 June 2010 (€ 2,396,012 thousand as at 31 December 2009 *restated*). This change was mainly due to the issue of the seven-year Senior Secured Bond at the end of January 2010 and the use of the net proceeds of this transaction, which amounted to € 507,136 thousand, for the early repayment of a number of instalments of the Senior debt with The Royal Bank of Scotland plc Milan branch as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009 restated	Change
Debts due to The Royal Bank of Scotland Plc Milan Branch	778,766	812,927	(34,161)
Debts due to Lighthouse International Company S.A.	1,272,803	1,270,052	2,751
Debts due to Bondholders (Senior Secured Bond)	520,129	-	520,129
Asset-backed securities	205,723	255,571	(49,848)
Debts due to Leasint S.p.A.	50,789	52,067	(1,278)
Debts due to other lenders	10	21	(11)
Negative non-current adjustments to the financial asset/liability hedging contracts	6,652	5,374	1,278
Total non-current financial liabilities	**2,834,872**	**2,396,012**	**438,860**

- *Non-current debts due to The Royal Bank of Scotland plc Milan branch* totalled € 778,766 thousand as at 30 June 2010 (€ 812,927 thousand as at 31 December 2009). Including the current share of € 70,324 thousand and gross of transaction costs not yet amortised of € 24,991 thousand at the end of the period, the Senior facilities with The Royal Bank of Scotland plc Milan branch totalled € 874,081 thousand. The structure of the facilities is as follows:
  a) tranche A (€ 409,537 thousand), repayable in accordance with the amortisation plan with non-costant six months instalments until June 2012, and bearing a floating interest rate p.a. equal to Euribor plus a spread, which increased by 75 basis points p.a. to 3.19% p.a. following the agreement to issue the Senior Secured Bond;
  b) tranche B (€ 464,544 thousand), repayable with a single instalment in June 2013, subject to a variable interest rate equal to Euribor plus a spread, which increased by 75 basis points p.a. to 3.76% p.a. following the agreement to issue the Senior Secured Bond;
  c) a revolving credit line of € 90,000 thousand, at the moment unused, designed to cover any working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, available until May 2012, bearing a floating interest rate p.a. equal to that applicable to tranche A. Non-usage fee of 0,56% p.a. is charged on the temporary non-used commitments.

  In the first half of 2010 the Company repaid a total of € 542,265 thousand, of which, € 507,136 thousand was repaid at the end of January in relation to the instalments of tranche A due in 2010, 2011 and 2012 using the proceeds of the Senior Secured Bond issue, and € 35,129 thousand was repaid at the end of February by way of early repayment of the remaining instalment of tranche A, contractually due in June 2010.

- *Debts due to Lighthouse International Company S.A.* totalled € 1,272,803 thousand as at 30 June 2010, net of € 27,197 thousand for transaction costs not yet amortised at the end of the period. The ten-year loan is due to mature in 2014 and is subject to a fixed interest rate of 8% p.a.. It should be noted that SEAT Pagine Gialle S.p.A. gave guarantees worth € 350,000 thousand in connection with any additional costs relating to the bond (issued in 2004).

- *Debts due to Senior Secured Bondholders* totalled € 520,129 thousand, net of € 17,124 thousand for transaction costs not yet amortised at the end of the period. The Senior Secured Bond, maturing on 31 January 2017, was issued for a nominal amount of € 550,000 thousand at a price of € 0.975998, with a nominal rate of 10.50% to be paid half-yearly at the end of January and the end of July each year (first instalment due at the end of July 2010). The yield at issue of the bond was 11% p.a. due to the issue discount of € 13,201 thousand. The issue discount accrued as at 30 June 2010 was € 454 thousand.

- *Asset-backed securities,* worth € 205,723 thousand as at 30 June 2010, net of transaction costs (€ 277 thousand) and the current portion (€ 50,000 thousand). They were issued for a gross value of € 256,000 thousand by the special purpose entity, Meliadi Finance S.r.l., to finance the acquisition on a revolving basis of receivables portfolios sold by SEAT Pagine Gialle S.p.A. to the special purpose entity within the context of the five-year securitisation program of its trade receivables, which was launched in June 2006. These securities, which are backed by the receivables portfolio subject to securitisation, were subscribed through private placement with an institutional investor. They are due to mature in 2014 and will be repaid through the collection of receivables sold in the event of the securitisation program is not renewed. The securities bear variable interest at rate applicable to three-month commercial papers, with a cap equal to the corresponding three-month Euribor rate plus 5 basis points. To support the securitisation program, two one-year credit lines have been arranged and are currently extended until June 2011.
  The early repayment of € 50 million of the € 256 million of limited-recourse asset-backed securities issued by the special purpose entity, Meliadi Finance S.r.l., was carried out in the first half, with effect on 15 July 2010. This transaction had to be carried out because it was no longer possible to fully collateralise obligations on a revolving basis due to the reduction in securitisable invoicing volumes over the last two years, meaning cash collateral needed to be maintained within the special purpose entity.
  SEAT Pagine Gialle S.p.A. will make a saving of around € 1 million in financial expense for the period from 15 July 2010 to 15 June 2011 thanks to this transaction.

- *Debts due to Leasint S.p.A.,* totalling € 50,789 thousand as at 30 June 2010, relate to the seven financial leasing contracts (six contracts with effect from December 2008 and one with effect from the end of October 2009) in relation to the purchase of the Turin property complex of SEAT Pagine Gialle S.p.A.. These contracts will be repaid through the payment of 54 remaining instalments on the contracts with effect from December 2008 and 58 remaining instalments on the contract with effect from October 2009. All instalments are quarterly deferred instalments subject to a variable interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a.. The residual value is fixed at around 1% of the value of the property complex.

- *Negative non-current adjustments to the financial asset/liability hedging contracts (non-current portion)* arising from the valuation at fair value of cash flow hedge instruments totalled € 6,652 thousand as at 30 June 2010 (€ 5,374 thousand as at 31 December 2009).

The facilities agreements require that SEAT Pagine Gialle S.p.A. comply with specific covenants, which are monitored quarterly and relate to the maintaining of certain ratios between *i)* net debt and EBITDA; *ii)* EBITDA and interest on debt; *iii)* cash flow and debt service (including interest and capital payable in each reference period). The checks on the covenants and compliance with all the obligations imposed by the facilities agreement as at 30 June 2010 (the reference date of this report) was positive.
The facilities agreements also set other aspects by establishing limits and operating conditions, about investments, possibility of recourse to additional debt, making acquisitions, distributing dividends and carrying out capital transactions;

- **current financial liabilities** totalled € 197,864 thousand as at 30 June 2010 (€ 628,849 thousand as at 31 December 2009) and relate to:
  - the current portion of financial debt (€ 123,146 thousand), mainly relating to the facilities with The Royal Bank of Scotland plc Milan branch due to mature in December 2010 and June 2011 (€ 70,342 thousand), asset-backed securities with early repayment in July 2010 (€ 50,000 thousand) and the facilities with Leasint S.p.A. (€ 2,786 thousand);
  - debts for interest accrued but not yet paid (€ 17,375 thousand) on the facilities with Lighthouse International Company S.A.;
  - debts relating to dividends distributed but not yet collected at the end of the period (€ 13,561 thousand), including € 13,545 thousand due to companies with significant influence over SEAT Pagine Gialle S.p.A. (leading shareholders), on which, in accordance with agreements signed, in connection with the failure to exercise the right of payment of the dividends, interest accrued at a rate of 6% p.a. in the period from 1 November 2008 to 15 June 2009 and subsequently at a rate of 3.8% p.a. until 24 August 2009. From this date onwards the applicable rate was equal to three-month Euribor minus a spread of 0.4% p.a.. Debts for interest accrued, which totalled € 619 thousand as at 30 June 2010. This debt is due to expire in the second half of 2010;
  - debts due to banks (€ 8,641 thousand), mainly relating to debts for cash flow hedge instruments, including € 7,972 thousand for which payment has been deferred until the end of December 2010;
  - other current financial debts (€ 26,666 thousand), including € 24,383 thousand relating to interest accrued but not yet paid on the Senior Secured Bond;
  - liabilities (€ 8,475 thousand) arising from the valuation at fair value of the derivative contracts in place as at 30 June 2010 (liabilities of € 8,316 thousand as at 31 December 2009).
    The Company also has a committed short-term credit line of € 30,000 thousand, which has not been drawn down as yet, extended until 31 March 2011. The credit line will be subject to a margin of 5% p.a. on the benchmark Euribor rate in the event of draw-down and in case of non-utilisation charges will be 2% p.a..

The Senior debt with The Royal Bank of Scotland plc Milan branch, as well as the debt arising from the issue of asset-backed securities by the special purpose entity, Meliadi Finance S.r.l., for the securitisation and the debt due to Leasint S.p.A., is subject to a variable interest rate based on Euribor. In order to limit its exposure to interest rate risk, SEAT Pagine Gialle S.p.A. has taken out cash flow hedge instruments against interest rate

risk with leading international financial operators. For further details on the hedging transactions against interest rate risk, see paragraph 21 of the Explanatory note to the Condensed consolidated first half year financial statements.
With reference to the second half of 2010, 70% of the total debt is protected from interest rate risk: around 66% is protected through fixed-rate debt and 4% through interest rate swap transactions. This hedging is considered to be sufficient in view of the performance of short-term rates. With reference to the 2011-2013 period, the hedging in place as at 30 June 2010 provides average protection of around 80% of the debt expected to be in place in the period, with 70% pertaining to fixed-rate debt, 7% to interest rate swap transactions and 3% to interest rate collar transactions.
As regards the 2014-2015 period, around 92% of the total expected debt will be fixed-rate debt;

- **non-current financial assets** totalled € 1,964 thousand as at 30 June 2010 (€ 2,088 thousand as at 31 December 2009) and comprise loans to employees issued at market rates for transactions of this kind;

- **current financial assets and cash and cash equivalents** totalled € 342,014 thousand as at 30 June 2010 (€ 293,909 thousand as at 31 December 2009). It included € 336,992 thousand related to cash and cash equivalents (€ 291,991 thousand as at 31 December 2009) of which € 136,849 thousand held by the special purpose entity, Meliadi Finance S.r.l., from the collection of the receivables sold by SEAT Pagine Gialle S.p.A. within the context of the securitisation program.

Risk from high levels of financial debt

As at 30 June 2010 the SEAT Pagine Gialle group presented a high level of debt, characterised by financial leverage equal to around five times its EBITDA. Due to the amendments made to the repayment plan for the Senior debt due to The Royal Bank of Scotland plc Milan branch following the Senior Secured Bond issue in January 2010, the average life of loans in place as at 30 June 2010 was 3.9 years and the financial instruments in place had the following maturity dates:

	due						Total
(euro/thousand)	**30.06.2011**	**30.06.2012**	**30.06.2013**	**30.06.2014**	**30.06.2015**	**Plus**	
Senior Secured Bond	-	-	-	-	-	537,253	537,253
The Royal Bank of Scotland Plc Milan Branch	70,324	339,213	464,544	-	-	-	874,081
Lighthouse International Company S.A.	-	-	-	1,300,000	-	-	1,300,000
Asset-backed securities (*)	50,000	-	-	206,000	-	-	256,000
Debts due to Leasint S.p.A.	2,786	2,931	3,089	3,253	3,425	38,091	53,575
Debts due to other lenders	36	10	-	-	-	-	46
Total financial debt (gross value)	**123,146**	**342,154**	**467,633**	**1,509,253**	**3,425**	**575,344**	**3,020,955**

(*) The 5-year securitisation program expires in June 2011. If it is not renewed at that time by SEAT Pagine Gialle S.p.A., the asset-backed securities issued, which mature in 2014, will be repaid by the collection of the receivables assigned.

If as a result of market conditions or other circumstances SEAT Pagine Gialle S.p.A. is unable to find sufficient financial resources to fulfil its financial obligations on the maturity dates and subject to the terms and conditions provided for, or, more generally, if other obligations provided for by the aforementioned financial agreements are not fulfilled, or in the event of insolvency proceedings or non-fulfilment of obligations arising from any other debt instrument or guarantee of SEAT Pagine Gialle S.p.A. or a company of the SEAT Pagine Gialle group, the sums granted must be repaid early and in full, together with the interest accrued and any other sums due pursuant to such agreements, with consequent negative effects on the business and the economic and financial position of the Company and the SEAT Pagine Gialle group.

Liquidity risk - obtaining of financial resources

The liquidity risk is the risk that the financial resources available may be insufficient to cover the short-term liabilities due totalling € 123,146 thousand (€ 50,000 thousand relating to the Asset-backed securities, repaid prior to the reference date of this report) by 30 June 2011. Since its business is characterised by low volatility and strong cash flow levels, and due to available credit lines worth around € 120 million, the SEAT Pagine Gialle group is considered to have sufficient financial resources to meet its commitments.
After 30 June 2011, SEAT Pagine Gialle S.p.A. will have to repay considerable sums within the context of the facilities in place. The Group's financial resources may prove insufficient to meet these commitments, meaning that the group will have to have recourse to new financing. From 2008 onwards, the financial crisis triggered by obligations linked to subprime loans and the significant impact of the crisis on all financial institutions have caused a generalised and growing risk aversion among investors, resulting in an increase in credit default swap spreads and a sharp decline in the performance of high-yield securities in particular.
Consequently, if for any reason SEAT Pagine Gialle S.p.A. is unable of generating sufficient financial resources to fulfil its financial obligations and has to renegotiate the terms and conditions of its financial obligations prior to maturity or has to seek the resources necessary for repayment on the bank and/or financial market, it might not manage to raise the resources or it might raise them under terms and conditions that could be more expensive than the current terms and conditions, with consequent negative effects on the economic and financial structure of the Group.

Such difficulty in raising financial resources could occur if the rating assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's is downgraded.
The ratings reflect the agencies' assessment of the probability of default by the Company and are the result of an analysis of *i)* the group's prospects in terms of profitability, cash flow generation and debt sustainability and *ii)* expected market scenarios. In the last quarter of 2009 the ratings assigned by the aforementioned agencies were lowered from BB- to B and from B1 to B2 respectively. These ratings were confirmed at the reference date of this report.
If the subjective assessment of the analysts at these ratings agencies shows a deterioration of one or more parameters of analysis compared to the current assessment, including in relation to a negative trend on the reference markets, the rating given to SEAT Pagine Gialle S.p.A. by the agencies could be downgraded. Pursuant to the documentation that governs the revolving receivables securitisation program launched by SEAT Pagine Gialle S.p.A. in June 2006, the downgrading of SEAT Pagine Gialle S.p.A. may affect the company's ability to sell receivables to the special purpose entity being used for the securitisation. In this case, the receivables not sold through the securitisation may be financed using alternative methods, which in current market conditions may be more burdensome than the current costs of the securitisation. However, the SEAT Pagine Gialle group may compensate for any difficulties in securing alternative methods of financing by using its own cash resources and the aforementioned € 120 million available credit line.

Impact of "change of control" on the facilities agreements in place (article123-bis, letter I of Legislative Decree no. 58/1998)

There is no change compared to the statements made in the consolidated financial statements as at 31 December 2009.

Credit risk

There is no change compared to the statements made in the consolidated financial statements as at 31 December 2009.

Consolidated operating free cash flow for the first half of 2010

Operating free cash flow generated in the first half of 2010 totalled € 199,163 thousand, down by € 18,666 thousand compared to the € 217,829 thousand generated in the first half of 2009 *restated*. This figure reflects the fall of € 16,821 thousand in EBITDA compared to the first half of 2009 *restated* and the reduction of € 9,540 thousand in cash flows arising from changes in operating working capital, which fell by € 57,244 thousand over the period, compared to a fall of € 66,784 thousand in the first half of 2009 *restated*. Operating free cash flow was affected by the € 9,596 thousand year-on-year fall in capital expenditure to € 15,957 thousand.
There is usually a considerable reduction in operating working capital in the first half, since the business is characterised by high levels of turnover concentrated in the last few months of the year and collected the following year.

Reclassified consolidated statements of operations for the first half of 2010

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Change Absolute	Change %	Year 2009
Revenue from sales and services	**463,196**	**507,325**	**(44,129)**	**(8.7)**	**1,209,821**
Materials and external services (*)	(177,065)	(185,572)	8,507	4.6	(403,533)
Salaries, wages and employee benefits (*)	(106,406)	(112,261)	5,855	5.2	(217,653)
Gross operating profit (GOP)	**179,725**	**209,492**	**(29,767)**	**(14.2)**	**588,635**
% on revenues	*38.8%*	*41.3%*			*48.7%*
Other valuation adjustments and provisions to reserves for risks and charges	(16,909)	(28,344)	11,435	40.3	(58,002)
Other operating income (expense)	(419)	(1,930)	1,511	78.3	(3,032)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	**162,397**	**179,218**	**(16,821)**	**(9.4)**	**527,601**
% on revenues	*35.1%*	*35.3%*			*43.6%*
Operating amortisation, depreciation and write-down	(32,564)	(31,388)	(1,176)	(3.7)	(63,196)
Non-operating amortisation, depreciation and write-down	(1,565)	(82,598)	81,033	98.1	(188,964)
Non-recurring and restructuring costs, net	(9,089)	(16,405)	7,316	44.6	(29,713)
Operating result (EBIT)	**119,179**	**48,827**	**70,352**	**n.s.**	**245,728**
% on revenues	*25.7%*	*9.6%*			*20,3%*
Interest expense, net	(118,843)	(93,575)	(25,268)	(27.0)	(214,847)
Gain (loss) on investments valued at equity -	-	-	-	n.s.	36
Profit (loss) before income taxes	**336**	**(44,748)**	**45,084**	**n.s.**	**30,881**
Income taxes for the period	(9,626)	5,159	(14,785)	n.s.	(54,173)
Profit (loss) on continuing operations	**(9,290)**	**(39,589)**	**30,299**	**76.5**	**(23,292)**
Profit (loss) from non-current assets held for sale and discontinued operations	(162)	(10,823)	10,661	98.5	(12,337)
Profit (loss) for the period	**(9,452)**	**(50,412)**	**40,960**	**81.3**	**(35,629)**
- of which non-controlling interests	1,464	898	566	63.0	2,412
- of which pertaining to the Group	(10,916)	(51,310)	40,394	78.7	(38,041)

(*) Minus costs attributable to minorities and shown in the IFRS financial statements under "Other revenue and income".
From the 1st January 2010 in accordance to IAS 39 "Time value", as a part of cash flow hedge instruments, has been booked in the statement of operations. Interest expenses of 1st half year 2009 and of year 2009 have been restated.

Consolidated statements of comprehensive income for the first half of 2010

(euro/thousand)		1st half year 2010	1st half year 2009 restated	Year 2009
Profit (loss) for the period	**(A)**	**(9,452)**	**(50,412)**	**(35,629)**
Profit (loss) for "cash flow hedge" instruments		(1,124)	(21,091)	(11,283)
Profit (loss) for foreign exchange adjustments		(549)	11,128	6,798
Actuarial gain (loss) recognised to equity		(1,532)	(3,378)	(15,776)
Total other comprehensive profit (loss) for the period, net of tax effect	**(B)**	**(3,205)**	**(13,341)**	**(20,261)**
Total comprehensive profit (loss) for the period	**(A+B)**	**(12,657)**	**(63,753)**	**(55,890)**
- of which non-controlling interests		1,464	898	2,412
- of which pertaining to the Group		(14,121)	(64,651)	(58,302)

Reclassified consolidated statement of financial position for the first half of 2010

(euro/thousand)		At 30.06.2010	At 31.12.2009 restated	Change	At 30.06.2009 restated
Goodwill and customer database		3,337,843	3,335,257	2,586	3,447,889
Other non-current assets (*)		219,320	232,741	(13,421)	224,091
Operating non-current liabilities		(66,954)	(66,880)	(74)	(60,825)
Non-operating non-current liabilities		(14,047)	(19,871)	5,824	(22,463)
Operating working capital		268,978	326,222	(57,244)	250,982
- *Operating current assets*		*678,375*	*698,027*	*(19,652)*	*701,358*
- *Operating current liabilities*		*(409,397)*	*(371,805)*	*(37,592)*	*(450,376)*
Non-operating working capital		(33,158)	(39,416)	6,258	(57,088)
- *Non-operating current assets*		*8,044*	*7,405*	*639*	*7,872*
- *Non-operating current liabilities*		*(41,202)*	*(46,821)*	*5,619*	*(64,960)*
Non-current assets held for sale and discontinued operations, net		76	74	2	21
Net invested capital		**3,712,058**	**3,768,127**	**(56,069)**	**3,782,607**
Equity of the Group		1,002,929	1,017,352	(14,423)	1,010,954
Non-controlling interests		20,371	21,911	(1,540)	23,722
Total equity	(A)	**1,023,300**	**1,039,263**	**(15,963)**	**1,034,676**
Net financial debt		**2,734,975**	**2,762,782**	**(27,807)**	**2,790,231**
Transaction costs on loans and securitisation program not yet amortised		(69,589)	(56,403)	(13,186)	(74,572)
Net market value of "cash flow hedge" instruments		23,372	22,485	887	32,272
Net financial debt - "book value"	(B)	**2,688,758**	**2,728,864**	**(40,106)**	**2,747,931**
of which:					
- *Non-current financial liabilities*		*2,834,872*	*2,396,012*	*438,860*	*2,861,126*
- *Current financial liabilities*		*197,864*	*628,849*	*(430,985)*	*249,139*
- *Non-current financial assets*		*(1,964)*	*(2,088)*	*124*	*(2,190)*
- *Current financial assets, cash and cash equivalent*		*(342,014)*	*(293,909)*	*(48,105)*	*(360,144)*
Total	(A+B)	**3,712,058**	**3,768,127**	**(56,069)**	**3,782,607**

(*) Includes financial assets available for sale.

In accordance with IAS1 (as amended) from 1st January 2009 assets and liabilities relating to cash flow hedge instruments are shown in the financial statements separately as current/non-current assets/liabilities referring their due date. The figures as at 30 June 2009 have therefore been restated to make them compilance.

Consolidated statements of cash flows

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Change	Year 2009
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	162,397	179,218	(16,821)	527,601
Gains (losses) from discounting operating assets and liabilities	(1,629)	(507)	(1,122)	(1,795)
Decrease (increase) in operating working capital (*)	57,244	66,784	(9,540)	(8,005)
(Decrease) increase in operating non-current liabilities (*)	(2,046)	(2,228)	182	(9,818)
Capital expenditure	(15,957)	(25,553)	9,596	(51,943)
(Gains) losses on disposal of non-current operating assets	(846)	115	(961)	264
Operating free cash flow	**199,163**	**217,829**	**(18,666)**	**456,304**
Capital increase	-	193,519	(193,519)	193,519
Payment of interest expense, net	(129,421)	(85,245)	(44,176)	(186,842)
Payment of income taxes	(4,281)	(11,763)	7,482	(108,761)
Payment of non-recurring and restructuring expense (**)	(28,001)	(10,977)	(17,024)	(23,899)-
Dividends	(3,365)	(3,365)	-	(3,365)
Flows on "Non-current assets held for sale and discontinued operations"	(164)	(1,032)	868	(2,417)
Investment in the Turin complex - new headquarters	-	-	-	(1,091)
Foreign exchange adjustments and other movements	(6,124)	(7,181)	1,057	(4,214)
Change in net financial debt	**27,807**	**291,785**	**(263,978)**	**319,234**

(*) The changes don't include the non monetary effects arising from the reclassification to non-current assets held for sale and discontinued operations and profit and losses recognised to equity.
(**) The item included the payment of the purcharse price of the non-controlling interest in Cipi S.p.A. in 2009.

Main events in the first half of 2010

Agreement with The Royal Bank of Scotland to issue a Senior Secured Bond

With a view to preserving a sufficient margin of liquidity and proactively managing the senior debt refinancing requirements due to arise in relation to the large instalments set out in the debt repayment plan over the coming years, at the end of December 2009 the board of directors of SEAT Pagine Gialle S.p.A. authorised the CEO to request a waiver from The Royal Bank of Scotland plc Milan branch to issue one or more (up to a maximum of five) Senior Secured Bonds for a maximum total of € 1,000 million by February 2011.

The net proceeds of these bond issues were to be used for the partial early repayment of some instalments of tranche A of the senior facilities with The Royal Bank of Scotland plc Milan branch due to mature in 2010, 2011 and 2012. Within the context of this request, it was also planned that some financial covenants would be revised to take into account the impact of the proposed transaction, which would essentially be a slight increase in the Company's total debt (due to the transaction costs) and an increase in the future cost of debt due to the higher interest rates of the new Senior Secured Bond.

In the first half of January 2010 The Royal Bank of Scotland plc Milan branch granted the waiver on payment of a € 7.4 million commission. SEAT Pagine Gialle S.p.A. simultaneously undertook to acknowledge an increase of 75 basis points p.a. in the margins applicable to Euribor with reference to the senior facilities as of the issue date of the Senior Secured Bond. Consequently, as of 28 January 2010 these margins were increased to 3.19% for tranche A and the revolving credit line and to 3.76% for tranche B.

Senior Secured Bond issue worth € 550 million

In the first half of January 2010 SEAT Pagine Gialle S.p.A. appointed a syndicate of bookrunners (Deutsche Bank, BNP Paribas, Citigroup, JPMorgan and The Royal Bank of Scotland) and co-managers (Calyon, Lloyds, Mediobanca and UniCredit) to handle a Senior Secured Bond issue. The transaction was completed on 28 January 2010 with the issue of a Senior Secured Bond with a nominal value of € 550 million at a price of € 0.975998. The bond has a maturity date of 31 January 2017 and carries a nominal rate of 10.5%, to be paid half-yearly at the end of January and the end of July each year, with the first instalment due at the end of July 2010.

The yield at issue of the bond was 11% p.a. due to the issue discount.

Of the total proceeds of the bond issue (€ 536.8 million), € 507.1 million was used to repay part of tranche A, while the remainder was used to cover the transaction costs incurred.

Early repayment of the € 35.1 million instalment due at the end of June 2010 in relation to the Senior facilities agreement with The Royal Bank of Scotland plc

At the end of February 2010 SEAT Pagine Gialle S.p.A. chose to make an early repayment of an instalment of € 35.1 million due at the end of June 2010 in relation to the Senior facilities agreement in place with The Royal Bank of Scotland plc Milan branch thanks to liquidity generated by operations.
Following this repayment, the instalments due in 2010 were reduced to € 35.1 million, due at the end of December 2010.

Industrial relations: overview of the company restructuring agreement with trade unions signed on 24 February 2010 at the Ministry of Employment and Social Policies in Rome

On 24 February 2010 SEAT Pagine Gialle S.p.A. signed a company restructuring agreement with Trade Unions, which was approved on the same day by the Ministry of Employment and Social Policies, to supplement the previous union agreement signed on 7 November 2008.
The new agreement increases to 300 the maximum number of employees to which the special wage guarantee fund (CIGS) may be applied between 9 February 2010 and 8 February 2011 and extends the procedure, previously restricted to Turin, Milan and Rome, to all company sites.
Redundancies will continue to be managed via the CIGS and early retirement pursuant to Law 416/81 and subsequent amendments thereto, and by retraining redundant workers ineligible for early retirement.

Tax inspection of SEAT Pagine Gialle S.p.A.

On 15 March 2010, the Milan tax police (Guardia di Finanza) concluded the tax inspection begun in February 2009 and issued a report challenging tax deductions made in respect of interest payable on debts assumed by the Company in 2004, as well as the amortisation applied to the customer database, in relation to operations carried out in 2003-2004 in connection with the acquisition of the Company in 2003.
SEAT Pagine Gialle S.p.A. is confident that it has always complied with the applicable regulations in respect of the aforementioned transactions, and therefore believes the challenges to be unfounded. This belief has been corroborated by the assessments made by the Company's own advisers.
Moreover, in light of the content of the report, the Company does not believe it is possible to determine the scale of any potential tax liability that may arise once the procedure has been concluded.
Consequently, the Company has not made any provisions for risks and charges relating to tax in the first half of 2010 because the circumstances requiring a provision to be made under the relevant accounting principles do not apply.

Sale of Telegate Italia S.r.l. call center operations

On 31 May 2010 Telegate Italia S.r.l. signed agreements to sell the call centeres at its Livorno and Turin offices to People Care S.r.l. and Voice Care S.r.l., which belong to the Contacta Group, together with the transfer of the call centeres' workforce. On the same day, SEAT Pagine Gialle S.p.A. signed agreements to buy 100% of the stake held by its subsidiary, Telegate AG, in Telegate Italia S.r.l.
SEAT Pagine Gialle S.p.A. also signed service provision contracts with People Care S.r.l. and Voice Care S.r.l. regarding the 89.24.24 and 12.40 numbers.

Liquidation of Seat Corporate University S.c.a.r.l.

On 3 June 2010 the shareholders' meeting of Seat Corporate University S.c.a.r.l. decided to dissolve the company and appointed a liquidator.

Post-balance sheet events

Sale of the data center division

On 1 July 2010 SEAT Pagine Gialle S.p.A. signed agreements to sell its, "data center voice network and distributed infrastructures" to Engineering.it S.p.A., together with the transfer of the Data center's 27 workforce.

Agreement with Sky Italia

On 2 July 2010 SEAT Pagine Gialle S.p.A. and Sky Italia announced a strategic agreement aimed at making the communications capabilities of national television advertising available to small and medium-sized Italian companies, and exploiting the potential of Sky's soccer programming as an effective tool for local advertising. The first step involves transferring to Seat Pagine Gialle S.p.A. and its sales network the exclusive rights to sell advertising space which will air on the Sky network during Serie B soccer league matches in 2010/2011.
Under the agreement, SEAT Pagine Gialle S.p.A. will become the first directory in the world to sell television advertising to its core customers (small and medium-sized businesses).

Early repayment of € 50 million of asset-backed securities

The early repayment of € 50 million of the € 256 million of asset-backed securities issued by the special purpose entity, Meliadi Finance S.r.l., was carried out in the first half, with effect on 15 July 2010. This transaction had to be carried out because it was no longer possible to fully collateralise obligations on a revolving basis due to the reduction in securitisable invoicing volumes over the last two years, meaning cash collateral needed to be maintained within the special purpose entity.

Change of company name for Telegate Italia S.r.l.

On 2 August 2010 the Extraordinary Shareholders' Meeting of Telegate Italia S.r.l. decided to change the company's name to "Pagine Gialle Phone Services S.r.l.".

Outlook

In line with its decision to focus on its domestic business and on the back of strong results in the first six months of the year, SEAT Pagine Gialle S.p.A. will continue to accelerate its investments in online activities throughout 2010. This will involve the launch of new products and online marketing services, customer management within the context of the multimedia print-voice-online package and the strengthening of the Company's sales network.

In light of the recent European Commission forecast that "the recovery in Italy is slowly taking hold", with expected GDP (gross domestic product) growth of 0.8% for the end of year, the Company is predicting that revenue will fall, but will be a few percentage points higher than in 2009 thanks to strong growth in online activities. The Company's internet activities look set to outperform market growth, whereas print product revenue is expected to fall more sharply than in 2009, partly due to the Company's focus on its more innovative online operations.

The Company will also attempt to mitigate the impact on EBITDA of the downward pressure on revenue by keeping current costs down and reorganising its main operating procedures so as to cut operating costs.

Outside Italy, bearing in mind the non-core nature of its activities, the Company will continue to keep a close eye on its subsidiaries as it pursues their individual business plans, aiming to shift the strategic focus of its sales network from a single-product to a multimedia range and to preserve its value through closer attention to cost cutting.

At the group level, EBITDA is expected to fall less sharply than in 2009 thanks to planned cuts in operating costs that aim to achieve sufficient levels of costs and investment to sustain growth.

Economic and financial performance by Business Area

(euro/thousand)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Elimination and other adjustments	Consolidated Total
Revenue from sales and services	1st half year 2010	353.7	32.2	73.9	21.7	481.5	(18.3)	463.2
	1st half year 2009 *restated (*)*	387.8	32.6	84.1	25.4	529.9	(22.6)	507.3
	Year 2009	952.2	81.4	165.4	63.9	1,262.9	(53.1)	1,209.8
Gross operating profit (GOP)	1st half year 2010	164.1	3.2	13.7	(1.5)	179.5	0.2	179.7
	1st half year 2009 *restated (*)*	186.5	1.8	22.2	(1.1)	209.4	0.1	209.5
	Year 2009	521.3	17.8	41.8	7.4	588.3	0.3	588.6
Operating income before amortization. depreciation. non-recurring and restructuring costs. net (EBITDA)	1st half year 2010	149.9	1.9	12.5	(1.9)	162.4	-	162.4
	1st half year 2009 *restated (*)*	160.1	0.6	19.7	(1.3)	179.1	0.1	179.2
	Year 2009	470.7	13.8	36.3	6.8	527.6	-	527.6
Operating result (EBIT)	1st half year 2010	120.4	(0.9)	4.6	(4.9)	119.2	-	119.2
	1st half year 2009 *restated (*)*	42.5	(2.1)	12.4	(4.0)	48.8	-	48.8
	Year 2009	305.4	(84.0)	24.7	(0.4)	245.7	-	245.7
Total assets	30 June 2010	4,246.2	127.7	247.6	306.8	4,928.3	(340.4)	4,587.9
	30 June 2009	4,318.9	225.6	264.3	311.3	5,120.1	(374.9)	4,745.2
	31 December 2009	4,239.0	118.4	254.4	317.5	4,929.3	(359.5)	4,569.8
Total liabilities	30 June 2010	3,399.9	134.1	71.8	292.3	3,898.1	(333.5)	3,564.6
	30 June 2009 *restated (*)*	3,563.4	126.1	95.4	293.9	4,078.8	(368.3)	3,710.5
	31 December 2009 *restated (*)*	3,381.7	121.3	82.4	298.2	3,883.6	(353.1)	3,530.5
Net invested capital	30 June 2010	3,538.0	45.2	116.6	18.9	3,718.7	(6.6)	3,712.1
	30 June 2009	3,510.0	147.7	110.9	20.7	3,789.3	(6.7)	3,782.6
	31 December 2009	3,600.1	43.3	111.1	20.3	3,774.8	(6.7)	3,768.1
Capital expenditure	1st half year 2010	12.1	0.9	1.5	1.5	16.0	-	16.0
	1st half year 2009 *restated (*)*	21.2	0.5	2.6	1.6	25.9	(0.3)	25.6
	Year 2009	41.9	1.1	5.8	3.6	52.4	(0.5)	51.9
Average workforce	1st half year 2010	1,219	687	2,444	373	4,723	-	4,723
	1st half year 2009 *restated (*)*	1,369	726	2,514	407	5,016	-	5,016
	Year 2009	1,336	728	2,476	407	4,947	-	4,947
Sales agents (average number)	1st half year 2010	1,593	-	2	43	1,638	-	1,638
	1st half year 2009 *restated (*)*	1,726	-	23	32	1,780	-	1,780
	Year 2009	1,682	-	20	36	1,738	-	1,738

(*) See "Report on Operations, paragraph Introduction" for further details of first half year 2009 restated and year 2009 restated.

Key performance indicators of the Group	1st half year 2010	1st half year 2009
Number of published directories		
PAGINEBIANCHE®	31	33
PAGINEGIALLE®	63	67
ThomsonLocal	73	58
Number of distributed directories (values in million)		
PAGINEBIANCHE®	9.1	9.4
PAGINEGIALLE®	7.2	7.9
ThomsonLocal	9.6	7.5
Number of visits (values in million)		
uninterrupted site access for 30 minutes		
PAGINEBIANCHE.it®	81.9	85.3
PAGINEGIALLE.it®	80.4	71.1
TuttoCittà.it®	15.0	15.3
Europages.com	20.5	25.9

→ Italian directories

Market scenario

SEAT Pagine Gialle S.p.A. is a major multimedia platform that provides detailed information and sophisticated search tools to tens of millions of users and offers its advertisers a wide range of advertising methods, from multiplatform products (print-online-voice) to online marketing services.

In the first six months of 2010, the SEAT Pagine Gialle group saw its business grow in line with its decision to focus on its domestic operations, in an economy which is slowly recovering after last year's crisis, according to the European Commission forecast. According to the European Commission, "the recovery is slowly taking hold" in Italy, driven mainly by private consumption and exports, with a GDP (Gross Domestic Product) which, after growing by 0.5% in the first quarter of the year, compared to a fall of 0.1% in the fourth quarter of 2009, is expected to grow by 0.8% in 2010 and, on a constant-policy basis, by 1.4% in 2011. These figures are lower than those estimated by the Italian government, however, which in its updated Stability Program forecast GDP growth of 1.1% this year and 2% next year.

In light of this tentative economic recovery and boosted by the positive results obtained in the first half, the company intends to pursue its strategy to migrate its customer base from a single-product range, based mainly on print products, to a multimedia package, focusing in particular on growth in online revenue, which will be driven by an increase in the penetration rate of the existing online customer base and the number of new customers acquired. The company will aim to achieve these results through further development of online marketing products and services, with a particular focus on the creation of personalised multimedia websites and strategies to position SEAT Pagine Gialle S.p.A. customers within the internet "ecosystem" so as to improve their visibility. In this context, the interface with advertising customers will become increasingly important, with the Company aiming to offer them an in-depth analysis of its website traffic through direct online access to information on the number of visitors, what they do on the website, the search words they use and the geographical areas they come from. In order to achieve this objective SEAT Pagine Gialle S.p.A. will continue to develop and expand its multimedia packages, enabling Italian SMEs to satisfy their advertising needs whilst not being limited to the traditional advertising products typically offered by directories companies.

The Company pursued its product innovation strategy in July with the launch of new banner ads that will be used on a network of more than 300 websites, taking into account the behaviour of the user, or on relevant channels/websites, depending on the sector in which the customer operates. The second half of the year is expected to see the introduction of other new products, particularly in the Company's online activities.

At the same time, the company will continue to improve the structure and productivity of its sales force by integrating more than 150 web agencies, consultants and dedicated webmasters to assist customers in defining and developing their online advertising and marketing activities to promote their business. The Company will also increasingly use telephone operators to manage its middle and low-end customers.

Revenue per product

			1st half year of 2010 impact % on revenue
Print	PAGINEGIALLE®	classified directories of Italian business	21.5
	PAGINEBIANCHE®	alphabetical directories	29.0
	Other print pruduct		0.2
Internet	PAGINEGIALLE.it®	search engine specialised in business searches	33.9
	Other internet product		
Voice	89.24.24 Pronto PAGINEGIALLE®	voice service which provides directory assistance value added services	5.5
	12.40 Pronto PAGINEBIANCHE®	voice service which provides subscirber information service	
Total core revenue			**90.1**

Economic and financial data

The table below shows the main results for the first half of 2010, compared to those from the same period of the previous year

(euro/milion)	1st half year 2010	1st half year 2009	Change Absolute	Change %	Year 2009
Revenue from sales and services	353.7	387.8	(34.1)	(8.8)	952.2
Gross operating profit (GOP)	164.1	186.5	(22.4)	(12.0)	521.3
Operating income before amortisation. depreciation, non-recurring and restructuring costs, net (EBITDA)	149.9	160.1	(10.2)	(6.4)	470.7
Operating result (EBIT)	120.4	42.5	77.9	n.s.	305.4
Net invested capital	3,538.0	3,510.0	28.0	0.8	3,600.1
Capital expenditure	12.1	21.2	(9.1)	(42.9)	41.9
Average workforce	1,219	1,369	(150)	(11.0)	1,336

SEAT Pagine Gialle S.p.A. generated revenue **from sales and services** of € 353.7 million, in the first half of 2010, down 8.8% compared to the corresponding period of the previous year. On a same-publication basis, the drop in revenue was more contained at 5.9%. The publication of the Perugia and Terni directories, which generated revenue of € 11.8 million in the first half of 2009, was postponed until the third quarter of this year.

The results showed a 3.7% fall in revenue from core products (print, on line, and voice) compared the first half year of 2009 on a same-publication basis. This segment outperformed better that the other products thanks, in particular, to the development of online activities (+59.8%), driven by continued product innovation and an acceleration in sales of multimedia packages to advertisers. Approximately 50,000 packages were sold, beating the target of around 35,000 set at the beginning of the year. The Company also saw an increase in the number of new customers.

This strategy enabled the Company to speed up the process of rebalancing its revenue mix with online activities representing 33.9% of total revenue, compared to 20% in the first half of 2009, while print products saw their share of total revenue fall from 62.3% to 50.7% on a same-publication basis.

The second quarter of 2010 saw core-product revenue fall by 9.2% on a same-publication basis, compared to an increase of 15.4% in the first quarter. This inverted trend was largely due to the publication in the second quarter of directories for the large metropolitan areas of Turin and Milan, most of the orders for which were taken in 2009, which was characterised by an uncertain economic climate.

The overall drop in revenue was also a result of a decline in revenue from *i)* voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services due to a drop in the number of calls made to directory assistance services; *ii)* some minor products, particularly BtoB, following the company's strategic review of its product portfolio, which resulted in the decision to discontinue certain publications; *iii)* promotional items which suffered more than other products due to a slowly recovering economy and the greater sales force focus on core products, particularly online activities.

In more detail:

a) core revenue: in the first half of 2010 core revenue totalled € 318.5 million a fall of 7.0% compared to the corresponding period of the previous year (down 3.7% on a same-publication basis). The breakdown of the company's core revenue is as follows:
   - *print:* revenue in the first half of 2010 from print products totalled € 179.3 million, down 23.5% compared to the first half of 2009, on a same-publication basis. This reflected a drop in revenue from PAGINEGIALLE® and PAGINEBIANCHE® due to the unfavourable economic conditions that characterised most of 2009, when the majority of orders were taken for the first half of this year. The fall in revenue was also affected by the Company's decision to accelerate sales of multimedia packages (print, online and voice), which involved an implicit rebalancing of value between print and online products to be more aligned to customers' demands and needs. Net of the effect of multimedia packages, which are balanced in favour of online products, revenue from print products fell less sharply, on a same-publication basis.
     The first six months of 2010 saw the experimental introduction of a series of innovations in support of traditional products, such as QR-codes and metered ads, which measure traffic generated by category/volume by using a call service that is free to directory users;
   - *online:* online products generated revenue of € 119.9 million in the first half of 2010, up 59.8% compared to the first six months of 2009. The second quarter saw growth of 66.0%, against 51.6% in the first, due in particular to multimedia package sales and new online products and services. In light of the positive results achieved in the first quarter of the year, the company has continued to focus on developing a web-agency style business model aimed at offering customers a complete range of consultancy services, including the creation of personalised multimedia websites,

improved web visibility for advertisers, customer advertising campaign planning and management, and the monitoring and optimising of results. More details on this can be found in the section "The market and strategic positioning". Total traffic, including visits to PAGINEGIALLE.it® (via the web and mobile devices) and advertiser customers' websites, grew in the first half of 2010 by 13.1% compared to the first half of 2009, with 80.4 million visits. There was a slight increase in proprietary brand searches, with direct traffic remaining stable, while SEO (Search Engine Optimisation) and SEM (Search Engine Marketing) activities grew and visits via partner sites fell sharply. Mobile-device visits and visits to advertiser customers' websites contributed to this growth. In the first half of 2010, proprietary brand searches accounted for 88% of searches carried out on PAGINEGIALLE.it®, in line with the percentage recorded in the first six months of 2009. The initiatives, put in place by the Company to boost both web and mobile traffic includes: *i)* the new advertising campaign launched at the end of December 2009, with the slogan "Straight to the point" *(Dritti al punto)*, which aimed to position PAGINEGIALLE.it® even more clearly as a quick and reliable search engine; *ii)* on May 2010 the launch of a new PAGINEGIALLE Mobile app for iPhone, which has an innovative "augmented reality" function that enables iPhone 3GS users to find useful geolocated information quickly and easily and to see the results of their searches in graphic format, superimposing them onto real life using the phone's camera;

- *voice:* advertising revenue from the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services totalled € 19.4 million down 9.5% compared to the first half of 2009. This reflected a decrease of 15.4% in the second quarter after revenue remained substantially stable in the first quarter, partly due to a change in sales campaign planning.

b) Business to Business: specialised BtoB products, which ended the first half of 2009 with turnover of € 2.4 million, generated no revenue in the first half of 2010 following the company's decision to discontinue its Annuario SEAT and PAGINEGIALLE Professional® publications and to integrate the Annuario Kompass into the product portfolio of its subsidiary, Consodata, as part of a strategic review of its product portfolio and a focus of sales force on core products (print, online and voice).

c) Other products: revenue from other products totalled € 34.3 million, down by € 6.8 million compared to the first half of 2009. This relates in particular to revenue from voice traffic (€ 26.1 million) generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, down 17.8% compared to the first half of 2009, with the trend worsening in the second quarter of 2010 compared to the first. This result reflects the entry onto the market of telephone assistance services during a period of consolidation, which inevitably led to a fall in the number of calls.
In total, revenue from direct marketing products and merchandising activities generated revenue of € 4.8 million in the first half of 2010, up slightly compared to the € 4.5 million recorded in the first half of 2009, although revenue from merchandising activities fell.
Turnover from other products in the first half of 2010 included revenue of € 0.8 million from the new Sky deal, in connection with which SEAT Pagine Gialle S.p.A. acquired exclusive rights to sell advertising space to be aired on the Sky television network during Serie B football league matches in 2010/2011.

GOP totalled € 164.1 million in the first half of 2010, down 12.0% (€ 22.4 million) compared to the first half of 2009, with a margin on revenue of 46.4% (48.1% in the first half of 2009), in particular due to the trend of operating costs.
Materials and external services, net of costs debited to third parties, totalled € 149.2 million in the first half of 2010, down by € 7.9 million compared to the first half of 2009. On the same publication basis, the amount fell by € 5.3 million, due to a reduction in *industrial costs* as a direct result of the fall in print revenue, which caused a fall in the number of pages printed and volumes distributed. This was reflected in reduced paper purchases and industrial processing and distribution costs. The drop in the number of calls to the 12.40 Pronto PAGINEBIANCHE® and 89.24.24 Pronto PAGINEGIALLE® services caused inbound call center service costs to fall (€ 2.8 million). Meanwhile, industrial telecom service costs increased due to the creation of online services. *Commercial costs* increased by 9.0% with an equal number of editions published to € 68.0 million due to an increase in commissions and compensation paid to sales agents and an increase in fees paid to publishers as part of the new online products intended to boost web traffic. Closer attention to costs enabled *overheads* to be reduced to € 28.8 million, down 15.9% compared to the first half of 2009.
Salaries, wages and employee benefits, net of recovered costs for seconded personnel to other Group companies, totalled € 40.3 million in the first half of 2010, down 8.7% compared to the first half of 2009. This decrease was due to a reduction in the average workforce from 1,369 employees in the first half of 2009 to 1,219 in the first half of 2010.
The workforce, including directors, project workers and trainees, consisted of 1,358 employees as at 30 June 2010 (1,376 employees as at 31 December 2009).

EBITDA totalled € 149.9 million in the first half of 2010, down by € 10.2 million compared to the first half of 2009, with a margin on revenue of 42.4% (against 41.3% in the first half of 2009). EBITDA performance was in line with the negative trend of GOP, and it was partially offset by a less valuation adjustments and provisions to reserve for risks and charges.

EBIT in the first half of 2010 totalled € 120.4 million (€ 42.5 million in the first half of 2009) due to lower non-operating amortisation costs in relation to the customer database (€ 81.0 million in the first half of 2009), which was fully amortised as of July 2009. This figure includes non-recurring and restructuring costs, net, of € 4.9 million (€ 12.5 million in the first half of 2009) relating to charges and provisions for tax consultancy, consultancy on new business development strategies and the new reporting system.

Net invested capital was € 3,538.0 million as at 30 June 2010, net of the book value of shareholding in subsidiaries, which was down by € 62.1 million compared to 31 December 2009, mainly due to lower investments made in the period (€ 9.1 million) and a fall in operating working capital (€ 53.0 million).

Capital expenditure was € 12.1 million in the first half of 2010, relating mainly to the strengthening of the CRM system through the adjustment of certain interfaces with administrative and commercial systems, improvements to IT systems for the launch of new products, and a review of the company's main processes with a view to developing its products from a customer-centric perspective by adopting a single-contract approach. In the domain of technology and infrastructure, centralised hardware was acquired for the SEAT Pagine Gialle S.p.A. data center with a view to replacing outdated equipment in order to improve performance and reduce energy consumption.

The **average workforce** was 1,219 units in the first half of 2010, down by 150 compared to the same period of 2009, due to a reduction in the number of trainees and project workers hired, in line with the company's plans to reduce its workforce.

Regulation

The business of the SEAT Pagine Gialle group in general, and of SEAT Pagine Gialle S.p.A. in particular, is regulated by a set of EC directives (2002/19, 20, 21 and 22 as amended) on telecommunication systems, that have been gradually transposed into regulations by the member states, if not always in a uniform manner. In detail:
- Directive 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities;
- Directive 2002/20/EC on the authorisation of electronic communications networks and services;
- Directive 2002/21/EC on a common regulatory framework for electronic communications networks and services;
- Directive 2002/22/EC on universal service and user rights relating to electronic communications networks and services;
- Directive 2002/58/EC on the processing of personal data and the protection of privacy in the electronic communications sector.

More specifically, the most important regulations for the group (with a view to promoting competition and reducing the gap between operators with a dominant market position and new operators) are:
- the **Access Directive**, which enables information service providers, usually without their own telecommunications network, to obtain interconnection to the network of all fixed and mobile telephone operators (so that their services can be reached by all subscribers of all networks) and, above all, to use a series of services at cost-oriented prices from operators in a dominant position;
- the **Universal Service Directive**, particularly in relation to the expectation of a single database of fixed and mobile subscribers (who have given their express consent to be included), which must be compiled by all national administrators and made available to users of the content of the database, at fair, non-discriminatory and cost-oriented prices;
- the **Authorisation Directive**, which simplified the terms and conditions of obtaining authorisation to carry out telephone operator activities (extending authorisation to include parties not previously eligible).

With the exception of Directive 2002/58/EC, which relates to the processing of personal data and the protection of privacy in the electronic communications sector and was assimilated into Italian law through Legislative Decree No. 196 of 30 June 2003 (the privacy code); these directives were assimilated into law within the electronic communications code (Legislative Decree No. 259 of 1 August 2003) and other specific orders by either AGCom, the national communications regulation authority, or the Garante della Privacy (the Italian data protection authority).

At the end of November 2009 the European Commission approved the new package of directives on telecommunications, which are to be assimilated into national regulation by the Member States by May 2011. As regards SEAT Pagine Gialle S.p.A., these regulations have not changed the scope of the obligations of universal service or the rules for the creation of a single database.

On 1 April 2010 the Garante della Privacy issued an order entitled "Processing of subscriber data in the case of number portability" (published in the G.U. *(Gazzetta Ufficiale)* No. 99 of 29/04/2010), which accepted the requests of SEAT Pagine Gialle S.p.A.. This order amended certain rules on privacy in creating telephone directories (introduced by an order of the same authority on 15 July 2004) and in relation to the terms of inclusion in the single database of subscribers who change telephone operator but keep the same number (number portability). The rules in force to date have led to the removal from the single database of all users who had changed telephone operator, while remaining active, because the new administrator was obligated to obtain a new form from the subscriber giving express consent to be included in the directories. Since this was a burden incumbent on the subscriber which involved time and effort, the parties in question rarely returned the consent form to the new administrator, with the outcome that as of 2005 (when these rules were introduced), the single database gradually deteriorated due to the disappearance of business and residential users. The loss of subscriber data from the single database (one of the databases that supply the SEAT Pagine Gialle S.p.A. databases) has had a negative impact on the completeness of the company's directories, and consequently on their perceived reliability. In order to contrast this loss of user data, in 2006 the Company launched both tactical (through a campaign to obtain consensus carried out using its sales force in certain areas) and strategic initiatives, involving all telephone administrators and relevant authorities (AGCom and the Garante della Privacy). The new system involves a form of "tacit assent" to retaining subscribers' information in the single database, with users having the option to change their decision free of charge at any time, even after changing to the new operator (within 60 days of the change).

On 8 April 2010 the Garante della Privacy issued an order entitled: "Measures to protect the reverse search of former subscribers to telephone services" (published in G.U. No. 99 of 29 April 2010).

The measure provides for the reactivation as of 1 January 2011 of the reverse search function (which consists of searching for the name of a subscriber based on their telephone number) in online directories and voice services. This function, often requested by the public, has been prohibited since August 2005, will be restored for all subscribers whose data was already included in a public directory prior to the creation of the single database (the rules of which required express consent even in cases in which the subscriber had not amended any data already supplied to their operator). Subscribers will still have the possibility of being excluded from the function by informing their operator that they do not wish to be the subject of a reverse search.

Privacy - Telemarketing – New rules on the processing of data relating to persons included in public directories of telephone service subscribers: introduction of the opt-out principle and creation of the Objections Register

Law No. 166 of 20 November 2009 ("Urgent provisions for the implementation of EU obligations and the execution of judgments of the Court of Justice of the European Community") converted decree No. 135 of 25 September 2009 (the "Malan amendment") into law and made significant amendments to article 130 of the personal data protection code ("unwanted communication"). By going beyond the provisions of the order issued by the Garante della Privacy on 15 July 2004 that introduced the opt-in principle (the need for a person to give express consent to be contacted for direct marketing purposes), the new provisions of law allow telephone processing of data relating to subscribers included in telephone directories for the purposes of sending advertising material, direct selling and carrying out market research or marketing communication for those who have not exercised their right of objection (opt-out). Objection may be expressed by recording the relevant telephone number in a public objections register. A regulation on this register was approved by the council of ministers on July 9 and is due to be published in the G.U. (it will enter into force within 90 days of publication). The register will be created and managed by the ministry of economic development, which may entrust it to an independent organisation once it is fully operational. The same conversion law provided for an extension, from 31 December 2009 to 25 May 2010, of the date up to which creators of databases drawn from telephone directories published prior to 1 August 2005 may use the data contained in these databases for promotional purposes without providing information and getting consent. In its order of 22 December 2009, the Garante della Privacy also extended until 25 May 2010 the deadlines for the implementation of its previous order of 12 March 2009 containing the regulations to which owners of the aforementioned databases are bound.

UK directories

Market situation and strategic positioning

The Thomson group, which has been present on the UK telephone directory market since 1980, joined the SEAT Pagine Gialle group at the end of 2000. As at June, the Thomson group had a workforce of 712 employees and had produced 73 editions of its Thomson Local directories. Thomson is the third-largest operator in the country, after Yell and British Telecom, distributing around 10 million copies of its directories throughout the UK in the first half of this year.

The Group operates in three related business areas, and its main products are as follows:

- classified print directories under the Thomson Local brand, with a regional focus. In addition to the business section, which is classified according to categories, the product also includes sections with information on public utilities, local entertainment events and street maps;
- online directories via its proprietary site, www.ThomsonLocal.com. The website is the online version of the print product and provides search services using "key words". The website offers users search services using both Thomson's proprietary database (BusinessFinder) and the wider internet (WebFinder). The Group has launched the WebFinder Directory, a print directory that lists the websites that can be consulted online, to support the WebFinder search engine;
- business information, via the sale of licences to consult its database online and its Business Search PRO product.

The Thomson group in 2010 continues to face a complex market situation, despite a slight recovery. After GDP shrank by 5.0% in 2009, the UK economy is expected to grow slightly this year (source: Eurostat). In this context, the Thomson group has pursued its policy of streamlining and restructuring its organisational structure.

Structure of the Business Area

The UK directories Business Area is organised as follows

MAIN COMPANIES

↓

TDL Infomedia Ltd.

↓

Thomson Directories Ltd.

↓

Thomson Directories Pension Company

Main company events

No significant events took place during the first half of 2010.

Economic and financial data

The table below shows the main results for the first half of 2010, compared to those from the same period of the previous year

(euro/milion)	1st half year 2010	1st half year 2009	Change Absolute	Change %	Year 2009
Revenue from sales and services	32.2	32.6	(0.4)	(1.2)	81.4
Gross operating profit (GOP)	3.2	1.8	1.4	77.8	17.8
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	1.9	0.6	1.3	n.s.	13.8
Operating result (EBIT)	(0.9)	(2.1)	1.2	57.1	(84.0)
Net invested capital	45.2	147.7	(102.5)	(69.4)	43.3
Capital expenditure	0.9	0.5	0.4	80.0	1.1
Average workforce	687	726	(39)	(5.4)	728

Revenue from sales and services totalled € 32.2 million (£28 million), down by € 0.4 million (£1.1 million), despite the effect of a change in publication schedule that saw the publication of 73 directories in the first half of the year, compared to 58 in the first six months of the previous year. On the same publication basis, revenue fell 16.8% compared to the first half of 2009.

Print products and direct marketing activities suffered the sharpest drop in turnover, mainly due to difficult economic and market conditions.

Online revenue fell less sharply. A fall in revenue from WebFinder (Thomson's internet search service) was only partially offset by an increase in revenue from BusinessFinder (its proprietary site search service).

In this respect, boosted by the positive results obtained by its Parent Company in the last few quarters, in the second quarter of 2010 the Company launched a strategy to migrate its customer base from a single-product range, based mainly on print products, to a multimedia package, focusing in particular on growth in online revenue, which will be driven by an increase in the penetration rate of the existing online customer base and the number of new customers acquired.

This strategy, which should guarantee the future sustainability of the business model, saw the launch in May of multimedia packages and online marketing services aimed at offering customers a complete range of consultancy services, including creating and managing websites, improving web visibility for advertisers through SEO (search engine optimisation), managing customers' advertising campaigns through SEM (search engine marketing), and monitoring and optimising search results. As part of this strategy, the Company signed an agreement in July with Bing, MSN's search engine, to become a UK authorised reseller of adCenter (an advertising program that enables companies to promote their products or services on American Company search engine). This agreement followed another signed with Google for the resale of Google AdWords.

In the second half of January, a new telesales center was opened in Bridgend, South Wales, to boosting the number of new online customers so as to speed up the process of rebalancing the Company's revenue mix in favour of online activities.

GOP rose by € 1.4 million (£1.2 million) compared to the first half of 2009. Lower salaries, wages and employee benefits, and particularly a sharp fall in service costs due to a cost-cutting policy implemented by the Company, only partially offset the fall in revenue.
The fall in salaries, wages and employee benefits is linked to the reduction in staff numbers (with the average workforce falling by 39 compared to June 2009). This reflects the impact of the internal Restructuring Plan launched in 2009 and still underway in the first few months of 2010, involving all areas of the Company, and lower Pension Fund management costs following the transfer of employees to defined contribution pension funds outside of the group.
Costs for External service fell sharply thanks to lower general and consultancy costs.

EBITDA totalled € 1.9 million (£1.7 million), up by € 1.3 million compared to the first half of 2009, performing in line with GOP.

EBIT was negative € 0.9 million (negative € 2.1 million as at 30 June 2009). This item was influenced by the costs incurred as part of the Restructuring Plans (€ 1 million) aimed at sizing the workforce, as well as charges (€ 1 million) paid to the pension fund for employees who had joined the enhanced transfer value program as at June 2010.

Net invested capital of the Thomson group totalled € 45.2 million (£37 million) as at 30 June 2010, down by € 1.9 million compared to 31 December 2009 (£1.5 million). This figure includes goodwill worth € 52.2 million (£42.6 million) and a defined benefit pension fund with a net value of € 21.1 million (£17.3 milion) as at 30 June 2010.

Capital expenditure was € 0.9 million (£0.8 million), up slightly compared to the first half of 2009, essentially relating to the replacement of hardware and printing hardware, and small investments in software.

average workforce was 687 units in the first half of 2010, down by 39 compared to the first half of 2009 due to the Company Restructuring Plan.

Regulation

There is no significant change compared to the statements made in the 2009 Annual Report.

Directory Assistance

Market situation and strategic positioning

The Directory Assistance Business Area provides telephone information services via the Group headed by the German subsidiary, Telegate AG, and the direct subsidiaries of SEAT Pagine Gialle S.p.A., Prontoseat S.r.l. and Telegate Italia S.r.l..
The Telegate group operates predominantly in Germany and Spain on the directory assistance market. In Germany, the group's main market, call volumes are falling year on year. Telegate, which operates the 11880 portal services and is the second-largest operator in the country, after former monopoly Deutsche Telekom, has pursued a strategy of enriching its product range with added-value services, thereby increasing its market share. In response to the structural decline in the market, the Company has also launched an online information search portal, capitalising on its strong brand and the quality of its database. It has also created its sales force structure towards advertising revenue. In Spain, Telegate has launched a multichannel voice and online package to face the decline in the market and consequent drop in call volumes.
On 31 May 2010 Telegate Italia S.r.l. sold its call center activities, which, together with Prontoseat S.r.l., manage the 89.24.24 Pronto PAGINEGIALLE® service and other back office services via outsourcing for SEAT Pagine Gialle S.p.A.. After this date it continued its operator activities via interconnection with the telecommunications network.

Structure of the Business Area

The Directory Assistance Business Area provides telephone information services via the Group headed by the German subsidiary, Telegate AG, and Prontoseat S.r.l. and Telegate Italia S.r.l., direct subsidiaries of SEAT Pagine Gialle S.p.A..

MAIN COMPANIES

Telegate AG | **Telegate Italia S.r.l.** | **Prontoseat S.r.l.**

Spagna
11811 Nueva Información
Telefónica S.a.u.

Germania
- WerWieWas GmbH
- Telegate Auskunftdienste GmbH
- Telegate Media AG

Main company events

- On 1 April 2010 the Extraordinary Shareholders' Meeting of Prontoseat S.r.l. decided to expand the wording of the Company's Corporate purpose in order to enable it to also supply online information services relating to the labour market and carry out other general economic and commercial activities.

- On 31 May 2010 Telegate Italia S.r.l. signed agreements to sell the call centeres at its Livorno and Turin offices to People Care S.r.l. and Voice Care S.r.l., which are part of Contacta group, together with the transfer of the call centeres workforce. On the same day, SEAT Pagine Gialle S.p.A. signed agreements to buy 100% of the stake held by its subsidiary, Telegate AG, in Telegate Italia S.r.l. SEAT Pagine Gialle S.p.A. also signed service provision contracts with People Care S.r.l. and Voice Care S.r.l. regarding the 89.24.24 and 12.40 numbers.
- On 9 June 2010 the Shareholders' Meeting of Telegate AG (in which SEAT Pagine Gialle S.p.A. holds a direct stake of 16.24% and an indirect stake of 61.13% via Telegate Holding GmbH) decided:
  - to allocate an amount of € 0.70 for each of the 21,234,545 shares to be distributed as shareholder dividends;
  - *i)* to acquire the Company's own shares up to a threshold of 10% of the share capital by 31 December 2012 and *ii)* to authorise the management board, subject to the approval of the supervisory board, to decide upon the use of the own shares acquired;
  - to amend the articles of association in order to introduce the new German regulations following the application of the directive on Shareholder rights.

Economic and financial data

The table below shows the main results for the first half of 2010, compared to those from the same period of the previous year *restated*, pursuant to the IFRS 5 so as to enable a consistent comparison of the items. Following the decision to sell the French subsidiary, 118000 SAS, the economic and financial data of the latter were reclassified to "Non-current assets held for sale and discontinued operations".
Consequently, based on the provisions of IFRS 5, the economic and financial figures of the statements of operations for the first half of 2009 were *restated*.

(euro/million)	1st half year 2010	1st half year 2009 restated	Change Absolute	Change %	Year 2009
Revenue from sales and services	73.9	84.1	(10.2)	(12.1)	165.4
Gross operating profit (GOP)	13.7	22.2	(8.5)	(38.3)	41.8
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	12.5	19.7	(7.2)	(36.5)	36.3
Operating result (EBIT)	4.6	12.4	(7.8)	(62.9)	24.7
Net invested capital	116.6	110.9	5.7	5.1	111.1
Capital expenditure	1.5	2.6	(1.1)	(42.3)	5.8
Average workforce	2,444	2,514	(70)	(2.8)	2,476

In the first half of 2010, **revenue from sales and services** for the Directory Assistance Business Area totalled € 73.9 million, down 12.1% compared to € 84.1 million in the first half of 2009 *restated*.

L'**EBITDA** fell by € 7.2 million compared to the first half of 2009 *restated*, to € 12.5 million.

For more details on these figures, see the following analysis by company and geographical area.

Telegate group

SEAT Pagine Gialle S.p.A. holds 16.24% and Telegate Holding GmbH holds 61.13%

In order to enable a consistent comparison of the items, the main results for the Telegate group and Telegate Italia S.r.l., which was sold to SEAT Pagine Gialle S.p.A. on 31 May 2010, as detailed in the section "Main company events", have been aggregated.
The table below shows the main results for the first half of 2010 compared to those from the same period of the previous year restated, pursuant to IFRS 5 so as to enable a consistent comparison of the items.

(euro/million)	1st half year 2010	1st half year 2009 restated	Change Absolute	%	Year 2009
Revenue from sales and services	68.4	78.3	(9.9)	(12.6)	153.9
Gross operating profit (GOP)	12.9	21.6	(8.7)	(40.3)	40.4
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	11.8	19.3	(7.5)	(38.9)	35.2
Operating result (EBIT)	4.2	12.1	(7.9)	(65.3)	23.9
Net invested capital	96.5	90.5	6.0	6.6	90.9
Capital expenditure	1.4	2.5	(1.1)	(44.0)	5.6
Average workforce	2,122	2,170	(48)	(2.2)	2,136

Revenue from sales and services fell in the first half of 2010 by 12.6% to € 68.4 million (€ 78.3 million in the first half of 2009 restated) due to the combined effect of the continued fall in call volumes for traditional directory assistance services and the reduction in added-value services. Online revenue rose to € 14.4 million.
Net of figures relating to Telegate Italia S.r.l., in the first half of 2010 revenue for the Telegate group fell 8.9% to € 61.7 million (€ 67.7 million in the first half of 2009 *restated*).

Revenue for country:

- in **Germany**, where the telephone assistance service market continues to decline and which has now begun to consolidate, voice revenues fell to € 41.7 million, down 16.8% compared to the same period of the previous year. The sharp fall in call volumes was only partially offset by an increase in average call duration and tariffs.
  Telegate continued to pursue its transformation process, focusing its activities on the Local Search market by an increasingly varied product range and positioning itself as a marketing partner for small and medium-sized businesses. Online advertising revenue totalled € 14.4 million in the first half of 2010, representing around 25.6% of total revenue and recording an increase of around 26% (€ 3 million) compared to the first half of 2009. This increase was largely attributable to new customers, mainly through telephone sales.
  EBITDA in the first half of 2010 fell by € 6.9 million compared to the first half of 2009. A € 0.5 million drop in advertising costs was insufficient to offset the increase in salaries, wages and employee benefits due to the increase in Telegate Media telesales operators and sellers in the area;

- in **Spain,** in the first half of 2010 revenue fell 9.7% compared to the first half of 2009 due to a fall in call volumes for the 11811 service and outsourcing services (Jazztel, Comunitel, Antena 3, QDQ 11875). The fall in revenue (€ 0.6 million) was only partially absorbed by EBITDA thanks to a reduction in advertising expenditure (€ 0.2 million) and lower variable and line costs;

- in **Italy,** in the first half of 2010 revenue fell by € 3.9 million compared to the first half of 2009, reflecting a dip in the number of calls received, with call volumes falling more sharply for 12.40 Pronto PAGINEBIANCHE® than for 89.24.24 Pronto PAGINEGIALLE®.

GOP for the Telegate group was € 12.9 million, down by around € 8.7 million compared to the first half of 2009 *restated*. This reflected the fall in revenue, which was only partially offset by lower advertising expenditure and savings on inbound call center service costs.

EBITDA and **EBIT,** respectively totalled € 11.8 million and € 4.2 million, performing in line with GOP.

Net invested capital of the Telegate group totalled € 96.5 million as at 30 June 2010 (including € 85.6 million relating to goodwill and customer databases), down by € 5.6 million compared to 31 December 2009.

Capital expenditure in the first half of 2010 was € 1.4 million, down by € 1.1 million compared to the first half of 2009 *restated*, on which are included significant investments in updating the CRM platform in Germany.

The **average workforce** was 2,122 units in the first half of 2010, down from 2,170 in the first half of 2009 (net of call center personnel in Italy and France). The decrease of 48 units is a result of a reduction in the number of telephone operators in Germany and Spain, which was only partially offset by the increase in online staff.

Prontoseat S.r.l.

Wholly owned by SEAT Pagine Gialle S.p.A.

The table below shows the main results for the first half of 2010 compared to those from the same period of the previous year

(euro/million)	1st half year 2010	1st half year 2009	Change Absolute	%	Year 2009
Revenue from sales and services	5.5	5.8	(0.3)	(5.2)	11.7
Gross operating profit (GOP)	0.7	0.5	0.2	40.0	1.4
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	0.6	0.4	0.2	50.0	1.1
Operating result (EBIT)	0.3	0.2	0.1	50.0	0.8
Net invested capital	0.6	0.7	(0.1)	(14.3)	0.6
Capital expenditure	0.1	0.1	-	-	0.2
Average workforce	322	343	(21)	(6.1)	341

Revenue from sales and services of Prontoseat S.r.l. in the first half of 2010 totalled € 5.5 million, down by € 0.3 million compared to the first half of 2009. The fall in turnover is essentially attributable to the drop in inbound revenue, which fell 14.7%, whereas revenue from telephone sales rose by 7.1%.
The drop in inbound revenue is closely linked to the lower number of calls managed by the Prontissimo service, despite an increase in call duration and the improved productivity of the service.
Despite the fall in revenue, **GOP** was € 0.2 million higher than in the first half of 2009 due to a reduction in salaries, wages and employee benefits as the Company employed fewer telephone operators and a savings policy on general costs.

EBITDA and **EBIT** performed in line with GOP.

The **average workforce** was 322 employees in the first half of 2010, 21 fewer than in the first six months of 2009.

Regulation

There is no significant change compared to the statements made in 2009 Annual Report.

Other Activities

Structure of the Business Area

This is a residual Business Area, covering all activities that do not fall within the scope of the aforementioned areas. It is organised as follows

MAIN COMPANIES

Europages

Consodata S.p.A.

Cipi S.p.A.

Main company events

No significant events took place during the first half of 2010.

Economic and financial data

The table below shows the main results for the first half of 2010, compared to those from the same period of the previous year

(euro/million)	1st half year 2010	1st half year 2009	Change Absolute	Change %	Year 2009
Revenue from sales and services	21.7	25.4	(3.7)	(14.6)	63.9
Gross operating profit (GOP)	(1.5)	(1.1)	(0.4)	(36.4)	7.4
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(1.9)	(1.3)	(0.6)	(46.2)	6.8
Operating result (EBIT)	(4.9)	(4.0)	(0.9)	(22.5)	(0.4)
Net invested capital	18.9	20.7	(1.8)	(8.7)	20.3
Capital expenditure	1.5	1.6	(0.1)	(6.3)	3.6
Average workforce	373	407	(34)	(8.4)	407

Below is an analysis of the economic and financial figures broken down into the various companies that make up the Business Area.

Europages

SEAT Pagine Gialle S.p.A. holds 93.562%

Europages publishes "Europages", the pan-European BtoB directory produced for companies that use import and export channels.
This multilingual search tool was created in 1982 as a print directory, later supplemented by a CD-Rom and online versions, launched in 1993 and 1995 respectively. Since 2008 it has been available exclusively online at www.europages.com.

The table below shows the main results for the first half of 2010, compared to those from the same period of the previous year

(euro/million)	1st half year 2010	1st half year 2009	Change Absolute	Change %	Year 2009
Revenue from sales and services	6.3	9.0	(2.7)	(30.0)	20.1
Gross operating profit (GOP)	(0.7)	(0.3)	(0.4)	n.s.	0.6
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(0.9)	(0.4)	(0.5)	n.s.	0.3
Operating result (EBIT)	(2.1)	(1.6)	(0.5)	(31.3)	(3.2)
Net invested capital	3.0	6.6	(3.6)	(54.5)	4.1
Capital expenditure	0.2	0.2	-	-	0.2
Average workforce	105	124	(19)	(15.3)	123

Revenue from sales and services in the first half of 2010 totalled € 6.3 million, down by € 2.7 million compared to the first half of 2009, mainly due to a change in sales campaign planning in Italy (€ 2.3 million) and France (€ 0.1 million). Revenue in other countries remained substantially stable.
In France, the fall in revenue was linked to the impact of the Restructuring Plan, which heavily affected the Company in the first few months of 2010.
Portal traffic indicators have shown a sharp fall in visits compared to the peak of growth recorded in the first few months of 2009. Visits are currently stable at an average of around 3.4 million per month, supported by better indexing on search engines.

The substantial drop in revenue resulted in a € 0.4 million fall in **GOP**, wiping out the advantage gained in the previous months thanks to the implementation of a cost-cutting policy: during the first few months of 2010 the Company pursued a large-scale commercial and industrial restructuring, which involved a reduction of € 1.2 million in salaries, wages and employee benefits. Other savings on costs were made by cutting advertising expenditure (€ 0.2 million), as well as through lower service costs, as royalties paid were lower due to the fall in revenue.

The negative trend in GOP was also reflected in **EBITDA**, which was negative € 0.9 million in the first half of 2010, compared to negative € 0.4 million in the first half of 2009.

EBIT in the first half of 2010 was negative € 2.1 million, including € 0.3 million relating to restructuring costs.

Net invested capital totalled € 3.0 million as at 30 June 2010, down by € 1.1 million compared to 31 December 2009.

Capital expenditure incurred in the first half of 2010 was minimal, in line with previous periods.

The **average workforce** was 105 employees in the first half of 2010, compared to 124 in the first half of 2009, due to the restructuring program carried out throughout the year.

Consodata S.p.A.

Wholly owned by SEAT Pagine Gialle S.p.A.

For over 20 years, Consodata S.p.A., the market leader in Italy for one-to-one marketing and geomarketing, has been offering wide-ranging and innovative direct marketing services to thousands of businesses operating in various sectors. Thanks to its extensive database, Consodata S.p.A. is able to provide its customers with information on the behaviour of millions of consumers using advanced marketing intelligence tools.

The table below shows the main results for the first half of 2010 compared to those from the same period of the previous year

(euro/million)	1st half year 2010	1st half year 2009	Change Absolute	Change %	Year 2009
Revenue from sales and services	9.9	9.4	0.5	5.3	23.3
Gross operating profit (GOP)	0.5	0.1	0.4	n.s.	2.7
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	0.5	0.1	0.4	n.s.	2.7
Operating result (EBIT)	(1.1)	(1.1)	-	-	(0.4)
Net invested capital	7.0	5.4	1.6	29.6	7.6
Capital expenditure	1.3	1.4	(0.1)	(7.1)	3.3
Average workforce	111	115	(4)	(3.5)	117

Revenue from sales and services totalled € 9.9 million in the first half of 2010, up by € 0.5 million compared to the first half of 2009. This increase was essentially due to the Kompass business line, which was previously managed by SEAT Pagine Gialle S.p.A. and was acquired by Consodata on 1 April 2009. Kompass generated revenue of € 2.6 million in the first half of 2010. Other product lines suffered a dip in revenue within the context of the Large Customer sales channel due to the impact of the *Garante della Privacy* decision. Revenue from products sold through the SME sales network of SEAT Pagine Gialle S.p.A. grew thanks to marketing campaigns for the Football World Cup.

GOP totalled € 0.5 million in the first half of 2010, up by € 0.4 million compared to the first half of 2009 thanks to the positive impact of revenue and a reduction in salaries, wages and employee benefits (€ 0.6 million). This was due to a reduction in the workforce as part of the Company's Restructuring, which in recent months has mainly involved structural staff. This trend was also reflected in **EBITDA**, which was € 0.5 million, against € 0.1 million in the first half of 2009.

EBIT in the first half of 2010 was a negative € 1.1 million, remaining unchanged compared to the first half of 2009, and included € 1.5 million relating to operating amortisation and depreciation.

Net invested capital was € 7.0 million as at 30 June 2010, against € 7.6 million as at 31 December 2009.

Capital expenditure in the first half of 2010 totalled € 1.3 million, substantially stable compared to the first half of 2009.

The **average workforce** in the first half of 2010 comprised 111 employees, four fewer than in the first half of 2009.

Regulation

Personal data protection (Legislative Decree No. 196 of 30 June 2003)
In June 2008, the *Garante della Privacy* concluded an investigation into a number of companies that create and sell telephone subscriber databases by issuing an order against Consodata S.p.A., served in September 2008, preventing the Company (and a number of telephone operators) from continuing to process personal data obtained from telephone directories published prior to 1 August 2005, on the grounds that the data had been obtained without providing required information to the individuals concerned or obtaining their express consent where required to do so by law.
The authority declared that the use of subscriber information contained in telephone directories and databases created prior to 1 August 2005 for promotional, advertising or commercial purposes, and the sale of these data to third parties (including those not operating in the telecommunications sector) constituted a breach of the legislation in force.
The authority ruled that certain guarantees must be made to subscribers, which are set out in order No. 1032397 of 23 May 2002, pursuant to which *i)* specific consent must be requested - in addition to consent to simply be included in the telephone directory - for the use of the data for commercial purposes and to send advertising material, or to carry out market research and interactive marketing communication, and *ii)* a uniform procedure should be put in place, which all operators are obligated to use, in order to clearly show the consent of the subscriber to the use of their data for commercial or advertising purposes, consisting of certain graphic symbols next to the relevant names.

Consodata S.p.A. maintained that it had lawfully acquired the data in its database and appealed to the Court of Rome to have the order annulled. A hearing was scheduled for June 2009. The appeal was rejected in light of new legislation (the "one thousand extensions decree") allowing subscriber data obtained prior to August 2005 to be used by direct marketing operators until 31 December 2009.

At the end of November 2009, the authority issued an injunction (served in February 2010) ending the proceedings that had started with an inspection of the company in February 2009. Consodata S.p.A. filed an appeal against this injunction with the Civil Court of Rome pursuant to article 700 of the Code of Civil Procedure, seeking the suspension of the order on the grounds that it was unlawful and risked causing irreparable damage to the company's activities. At a hearing on May 25, the Civil Court of Rome accepted the appeal in full, suspending the order and scheduling a hearing on the merits for February 2011. The court also urged the parties to reach a sustainable settlement that would not harm Consodata's activities.

Following the success of its appeal, Consodata has continued to pursue an agreement with the authority, aimed at clearly and unequivocally defining the company's scope of activity with regard to personal data processing. The company aims to obtain definitive clarification in light of the recent changes to legislation that introduced amendments to certain principles of the privacy code, particularly with reference to prior consent (opt-in) to telephone contact using information from the single database. The recent conversion into law of decree No. 135 of 25 September 2009 (the "Ronchi decree") introduced an amendment to the regulation set out by the privacy code on prior consent to carry out telephone marketing using data taken from telephone directories. This regulation introduced the opt-out principle, which allows the use of personal data from telephone directories for telephone marketing purposes unless the individual concerned has requested not to be contacted by registering in the "objections register" that must be created.

Cipi S.p.A.

Wholly owned by SEAT Pagine Gialle S.p.A.

Cipi S.p.A. works in the promotional items and corporate gifts sector. It covers the entire value chain, including importing items, customising them with the customer's logo and selling to the end customer either directly or through the Parent Company.

The table below shows the main results for the first half of 2010 compared to those from the same period of the previous year

	1st half year	1st half year	Change		Year
(euro/million)	2010	2009	Absolute	%	2009
Revenue from sales and services	5.5	7.0	(1.5)	(21.4)	20.5
Gross operating profit (GOP)	(1.3)	(1.0)	(0.3)	(30.0)	4.1
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	(1.4)	(1.0)	(0.4)	(40.0)	3.8
Operating result (EBIT)	(1.7)	(1.4)	(0.3)	(21.4)	3.2
Net invested capital	9.0	8.4	0.6	7.1	8.3
Capital expenditure	-	0.1	(0.1)	(100.0)	0.1
Average workforce	156	166	(10)	(6.0)	166

Revenue from sales and services in the first half of 2010 totalled € 5.5 million, down by € 1.5 million compared to the first half of 2009 due to a sharp drop in revenue from the “special" line, sales of directly imported ‘custom items’ to Large Clients (€ 1.4 million) and revenue from direct sales through the SEAT Pagine Gialle S.p.A. sales agent network (€ 0.3 million). Catalogue sales of promotional items through an agent network rose slightly (€ 0.2 million).

The drop in turnover, taking into account the low margin on revenue from the "special" line, was partially absorbed by **GOP** in the first half of 2010, which was negative € 1.3 million (down by € 0.3 compared to the first half of 2009) and **EBITDA**, which was negative € 1.4 million (down by € 0.4 million compared to the first half of 2009). The first half of 2010 saw a drop in the cost of raw materials, which was closely linked to the reduction in sales volumes, and lower salaries, wages and employee benefits due to use of the wage guarantee fund (CIG). Savings were also made on general costs.

EBIT in the first half of 2010 was negative € 1.7 million (negative € 1.4 million in the first half of 2009) and reflected the negative trend illustrated by the Company’s GOP and EBITDA.

Net invested capital totalled € 9.0 million as at 30 June 2010, up by € 0.6 million compared to 31 December 2009.

The **average workforce** in the first half of 2010 fell to 156 employees, 10 fewer than in the first half of 2009.

Other information

Human resources

SEAT Pagine Gialle group

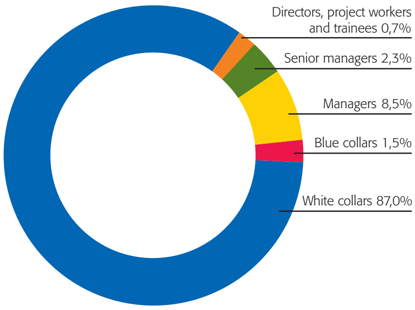
	At 30.06.2010	At 31.12.2009	Change
Employees	5,092	6,046	(954)
Directors, project workers and trainees	34	42	(8)
Total workforce at the end of the period	**5,126**	**6,088**	**(962)**
	1st half year 2010	**1st half year 2009 restated**	**Change**
Average workforce for the period	**4,723**	**5,016**	**(293)**

The SEAT Pagine Gialle group had a total workforce of 5,126 units as at 30 June 2010, down by 962 units compared to 31 December 2009, with an average workforce of 4,723 employees in the first six months of 2010, compared to 5,016 in the first half of 2009 *restated*. The difference between the workforce at the end of the period ("units") and the average workforce is mainly attributable to a high number of part-time employees, particularly in the group's call centeres. As at the end of 2010, a total of 2,176 telephone operators were employed in terms of "units", corresponding to an average workforce of 1,935 employees for the period.

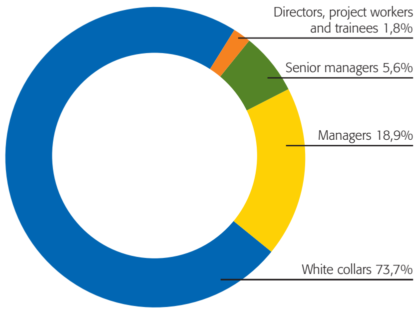
As regards the distribution of human resources across the various business areas, the Parent Company employed only 26% of the average total workforce for the period, despite having generated 74% of the Group's revenue. This is attributable to the following factors:
- in Italy the sales force consists mainly of agents (1,585 as at 30 June 2010), whereas overseas it is made up of employees;
- the call centeres used to provide directory assistance services employ a large number of telephone operators. The Directory Assistance Business Area employed 51% of the average total workforce, despite accounting for only 15% of total group revenue for the period.

The average workforce fell by 293 employees, due in particular to the 2009-2011 Restructuring Plan of SEAT Pagine Gialle S.p.A., which was launched in February 2009 and will produce its most significant effects in the second half of 2010. The average workforce of the Directory Assistance unit also suffered a sharp fall owing to a reduction in the number of telephone operators in Germany and Spain, which was only partially offset by the increase in online staff numbers.

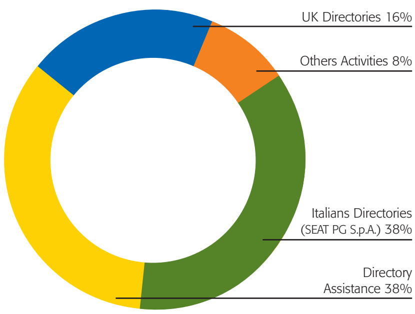
SEAT Pagine Gialle group



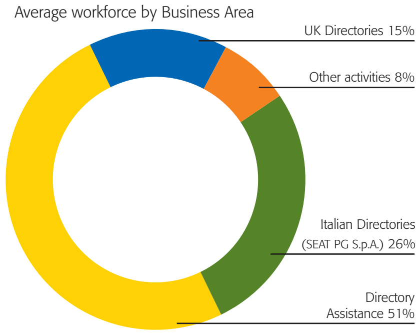
SEAT Pagine Gialle S.p.A.



Labour cost by Business Area



Average workforce by Business Area



SEAT Pagine Gialle S.p.A.

	At 30.06.2010	At 31.12.2009	Change
Employees	1,333	1,346	(13)
Directors, project workers and trainees	25	30	(5)
Total workforce at the end of the period	**1,358**	**1,376**	**(18)**
	1st half year 2010	**1st half year 2009**	**Change**
Average workforce for the period	**1,219**	**1,369**	**(150)**

The workforce of SEAT Pagine Gialle S.p.A. totalled 1,358 employees as at 30 June 2010 a slight decrease compared to the end of the previous year.
The average workforce was 1,219 employees in the first half of 2010, down by 150 compared to the same period of 2009, due to a reduction in the number of trainees and project workers hired, in line with the Company's rightsizing plans.
This reflects the first effects of the 2009-2011 Restructuring Plan, which was first implemented in February 2009 and has involved both voluntary redundancies and early retirements. The most significant effects of the plan will be felt in the second half of 2010.
The Restructuring Plan currently underway involves using the special wage guarantee fund (CIGS): as at 30 June 2010, the fund was applied to a total of 154 employees, corresponding to an average of 105 in the first half of 2010, against an average of 57 in 2009.

Sales network

As at 30 June 2010, the sales network of SEAT Pagine Gialle S.p.A. comprised 1,585 agents (against 1,597 as at 31 December 2009) and 82 employees (92 as at 31 December 2009). In line with the new company structure, the sales networks have been organised into two Customer Business Units, depending on customers' segment and market potential, enabling the units to be more autonomous and focus on their target market.
In detail:

- the "*Large Clients & Top Customers*" unit is aimed at nationwide companies with specific communication needs and local SMEs with a high level of investment.
  The business approach is based on three levels of service, which offer different levels of innovation creation and management:
  - *Design level*: solutions involving a high level of design and consultancy, based on specific objectives and measured using KPI (key performance indicators) agreed with the customer. Sale through a dedicated team of specialists;
  - *Light-design level*: design approaches on a large scale, with predefined templates and space for customisation. A high level of supporting technology is involved;
  - *Standard level*: solutions from our pre-existing product range, with a number of formats and promotional items to meet a wide range of needs, levels of visibility and investment.

  The organisational structure comprises central intelligence units to oversee, develop and promote product innovation and the business approach (Customer Marketing, Design Development and Multimedia Solutions), as well as guiding and monitoring the business (Business Control and Quality and Commercial Support).
  The sales divisions are organised and specialised according to communication needs, distinguishing the National part, which comprises large brands that require high levels of customisation, from Local and Central Public Administration, with institutional and public service needs, the *top customer* sales line, with local and specialised service needs, and the unit dedicated to customers with complex networks. These markets are served by a workforce of 23 employees from the "Key Account" and "Sales Management" departments and six agents specialised in the Public Administration Segment, as well as 41 top customer agents, 6 area managers and one top customer manager;
- the "*SME and Local"* Customer Business Unit targets the SME and small operator (Local network) segment, aiming to provide extensive coverage of the national market and area, offering different product ranges and business approaches according to the customers' segment. The commercial organisation of the SME sales division divides the country into six macro-areas and 33 markets, identified according to criteria based on territorial consistency, commercial potential and operational optimisation. In order to increase the level of correspondence between the organisation and the characteristics and needs of the customers, the four pre-existing areas have seen the addition of a fifth, that comprised the metropolitan markets of Rome, Turin, Bologna, Florence and Naples, and a sixth, consisting of Milan and its surrounding area (excluding Lodi), which have common socio-economic dynamics that differ from those of the rest of the country. A new organisational model of sales force has been launched in the metropolitan areas, dividing it in two groups with similar characteristics and target markets. Additional logistical and

administrative support has been provided to the sales agents to give them more time to dedicate to customer relations. At the managerial level, the Area Manager is in charge of managing and developing the sales network in their allocated area, as well as the financial and economic results of the network, while the Market Manager carries out a similar function in their assigned market, in different ways depending on the customer segment to understanding and satisfying customer communication needs. In 2009 a Telesales Service was launched to support the activities of the SME sales division, with the aim of increasing customer service and developing more contacts with customers throughout the year.
The SME and Local Sales division operates with 1,546 agents, coordinated by 35 market managers who cover the SME communication market, and 544 telephone operators.

Organisational development and personal services

In March 2010, with a view to accelerating the development of the strategy to transform SEAT Pagine Gialle S.p.A. into a customer-oriented multimedia business, the Company introduced new changes to its organisational structure by creating new business units. This restructuring was intended to reinforce responsibility in terms of operations, management and results, using activity-based costing, whilst also helping to strengthen the process of generating innovation and the effectiveness of the Company's go-to-market strategy. Three new Product Business Units were identified (Print, Voice and Web&Mobile) to covering product marketing, production/provision of services and product innovation activities, as well as two Customer Business Units (Large Clients & Top Customers and SME & local).
New departments were created alongside these two new Business Units: the Portfolio Strategy & Marketing Services department, which is responsible for coordinating the brand image, managing the investment portfolio and business development activities, and the Transformation Management department, which is responsible for directly overseeing interfunctional projects to transform the Company's business model, in order to quickly align corporate processes with the new strategies.
In the first half of 2010, the SEAT4PEOPLE project, dedicated to the community, which includes all the Company's employees and agents, continued to promote and raise awareness of new agreements that benefit SEAT Pagine Gialle S.p.A. staff and manage initiatives in collaboration with the CRAL DLF (workers' recreational organisation). This year saw the continuation of the Company Holiday Camp Activities, with some new initiatives, including the production of a catalogue.

Training

In the first half of 2010, Seat Corporate University, the training school of SEAT Pagine Gialle S.p.A., continued to support the sales force, particularly through training dedicated to new agents and sales behaviour training as a result of the new items in the product portfolio and commercial range.

Seat Corporate University also launched the innovative Quick Learning Point tool, consisting of short segments of online product information/training intended to keep all agents and employees constantly updated. It published 57 videos, with 33,143 visits and 2,971 unique users.

Staff training and development activities continued in the first half of 2010 to increasing professional knowledge and skills and instilling an internet-oriented culture, in line with the Company's business model.

A number of initiatives were launched with the aim of training and developing the youngest staff members and those with the greatest potential in strategic areas for the Company.

24,198 total training hours were provided in the first half of 2010 with 1,827 total participants and 157 training courses.

At the same time, recruitment and selection for the sales force continued, with 1,359 candidates interviewed and 215 new agents ultimately added to the network, as did benchmark initiatives with other corporate training organisations.

Industrial relations

At the Ministry of Employment and Social Policies on 24 February 2010, the Company signed an agreement with Trade Unions amending the previous agreement regarding the 2009-2011 Company Restructuring, supplementing the Restructuring Plan for the period between 9 February 2010 and 8 February 2011. In short, the new agreement:

- confirms the use of the special wage guarantee fund (CIGS) for two purposes:
  - to offer early retirement pursuant to Law 416/81 and subsequent amendments thereto for employees who meet the social security requirements;
  - for redundant employees to return to work after retraining if ineligible for early retirement;
- increases the number of redundancies to 300 units and related CIGS positions due to the restructuring;
- extends the restructuring process, previously restricted to Turin, Milan and Rome, to all company sites.

In June a Trade Union debate was held on the sale of the SEAT Pagine Gialle S.p.A. business unit dedicated to IT, voice network and data center management to Engineering.it S.p.A.. The sale process involved the launch of the procedure pursuant to article 47 of Law 428/90 and subsequent amendments thereto. After an initial phase of strong opposition, including strikes and protests, the debate concluded positively on 30 June 2010 with an agreement to safeguard the continuity of economic and regulatory conditions and the job stability of the employees concerned until 2013.

➔ Litigation

With reference to disputes for which SEAT Pagine Gialle S.p.A. – as a beneficiary of the partial proportional spin-off of Telecom Italia Media S.p.A. (hereinafter the "Spun-off Company") – is jointly and severally liable with the latter, pursuant to article 2506-quater, paragraph 3, of the Civil Code, for liabilities arising from these disputes which have not been satisfied by the Spun-off Company, there are still three procedures ongoing against the Cecchi Gori Group, regarding the bankruptcy of the Cecchi Gori Group Fin.Ma.Vi. ("Finmavi") and the Cecchi Gori Group Media Holding, in liquidation ("Media").

1) Deed of pledge

This concerns the proceedings brought by Finmavi and Media with the Court of Milan, seeking to ascertain the invalidity or ineffectiveness of the deed of pledge with which shares in Cecchi Gori Communication S.p.A. (now HMC) held by Media had been given in guarantee to the Spun-off Company and, in any case, seeking an order for the Spun-off Company to pay damages of no less than 750 billion lira, plus appreciation and interest.
After losing the case at the first two levels, Finmavi and Media filed an appeal with the Court of Cassation.
At the hearing on 20 September 2007, the court accepted the appeal of Finmavi and Media, but also accepted a ground for cross-appeal put forward by the Spun-off Company, referring the matter to another division of the Court of Appeal of Milan, including for costs relating to the Court of Cassation. By a claim filed on 10 November 2008, Finmavi and Media resumed the case with the Court of Appeal of Milan and the Spun-off Company appeared at the hearing on 24 March 2009.
The case was deferred for more specific allegations to the hearing of 18 October 2011.

2) Tort liability

This refers to the proceedings brought with the Court of Milan by Finmavi, Media and Mr Vittorio Cecchi Gori personally against the Spun-off Company, seeking to ascertain the tort liability of the latter in relation to its conduct with regard to the management of HMC and the execution of the contract of 7 August 2000 concerning the acquisition of the television companies of the Cecchi Gori Group, and seeking an order for the Spun-off Company to pay damages of around €500 million.
The judge urged the parties to specify their respective allegations, setting a deadline of 29 March 2009 for the submission of their pleas and of 18 April 2009 for the submission of their briefs in response.
The Court of Milan, by judgment No. 11436/09 of 24 – 28 September 2009, accepted in full all the petitions and objections made by the Spun-off Company and therefore ordered the plaintiffs to jointly and severally reimburse it for the legal costs paid, totalling €1,704,572.69.

3) Challenge of the decision of the shareholders' meeting of 11 August 2000

This refers to the legal proceedings brought by Finmavi and Media against HMC concerning the decisions taken on 11 August 2000 by the Extraordinary Shareholders' Meeting of Cecchi Gori Communications S.p.A., which introduced changes to the Company's Articles of Association aimed at awarding special rights to category B shareholders.

After losing the case at the first two levels, Finmavi and Media filed an appeal with the Court of Cassation and the Spun-off Company appeared at the hearing with a counter-appeal and cross-appeal on 16 October 2007. To date the hearing for debate has not yet been scheduled.

* * * *

Within the context of the spin-off, the Spun-off Company and SEAT Pagine Gialle S.p.A. signed an agreement confirming that any liabilities attributable to the business unit that remained within the Spun-off Company (such as those relating to the aforementioned disputes) or to the unit that was transferred to SEAT Pagine Gialle S.p.A. will be fully payable by the party that owns the relevant business unit.

Corporate Governance

Introduction

Pursuant to article 123 bis of Legislative Decree No. 58/98, the Company has written and published a report on its corporate governance and shareholder structure for 2009. The report is available on the Company's website, www.seat.it.
Below is an update concerning only events that took place in the first half of this year.

Board of Directors

In the first half of the year, the Board of Directors met on six occasions.

Remuneration Committee

In the first half of 2010, the Remuneration Committee held one meeting, which *i)* approved the guidelines for the company incentive system for 2010, *ii)* took note of the new organisational structure of the Company, *iii)* defined objectives for the CEO for 2010.

Internal Audit Committee

The Internal Audit Committee met on four occasions in the first half of 2010 and once in July. The work carried out during the committee meetings included the following:
- examination and assessment of the progress of the activities set out in the internal audit action plan for 2010 and related results;
- meeting with senior figures from the Administration, Finance and Control Department, the Board of Statutory Auditors and the Partner of the External Auditors to examine the main points of the first half report as at 30 June 2010 and the correct use of the accounting principles adopted;
- meeting with the Partner of the External Auditors to examine the results of the audit carried out;
- examination and assessment of the results of the Enterprise Risk Management (ERM) process aimed at defining an integrated approach to identifying, assessing, managing and monitoring corporate risk.

Supervisory Board

During the first half of 2010, the Supervisory Board met once.
It pursued its ordinary supervisory activities during this period.

Board of Statutory Auditors

The Board of Statutory Auditors met on five occasions in the first half of 2010.
During these meetings it verified the correct application of the criteria and control procedures adopted by the Board to assess the independence of its components.

Shareholders’ meetings

The Special Savings Shareholders’ Meeting, which was held on second convocation on 20 April 2010, appointed Ms Stella D'Atri as common representative of this category of shareholders for 2010, 2011 and 2012.
On 21 April 2010 the Ordinary Shareholders' Meeting of SEAT Pagine Gialle S.p.A. was held on second convocation, and decided:

- to approve the Separate Financial Statements of SEAT Pagine Gialle S.p.A. as at 31 December 2009;
- to appoint Alberto Cappellini and Marco Tugnolo to the Board of Directors. The two men were co-opted in 2009 following the resignation of Luca Majocchi and Marco Lucchini. The meeting of the Board of Directors held after the Shareholders’ Meeting confirmed Alberto Cappellini’s appointment as CEO and Mr Tugnolo’s appointment as a member of the Internal Audit Committee;
- to supplement the fee to be paid to the External Auditors in consideration of the increased activities pursuant to Legislative Decree No. 173 of 3 November 2008.

Environmental sustainability

There is no significant change compared to the statements made in the 2009 Annual Report.

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Condensed consolidated first half year financial statements

Introduction

The amount relating to the transaction costs on the loan with Lighthouse International Company S.A. has been adjusted in respect of the amount not yet amortised as at 31 December 2008. The figures in the statements of financial position as at 30 June 2009 and 31 December 2009 have therefore been restated in accordance with the provisions of IAS 8, with a view to applying the amortised cost method provided for by IAS 39 more accurately thanks to the use of more reliable calculation methods than those used on 31 December 2008.
Since the amounts recorded in the statements of operations differ slightly from the aforementioned recalculation, the adjustment has had an impact mainly on capital, and in particular has affected equity (an increase of € 5.2 million) and non-current financial debts to third parties (a reduction of € 5.2 million), as described in more detail in point 4 of the explanatory note to the Condensed consolidated fist half year financial statements.

Furthermore, following the group's decision to withdraw from its Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S. (in the second quarter of 2009), and to sell its French subsidiary, 118 000 SAS (in the third quarter of 2009), the economic and financial results for these companies are recorded, as of these dates, under “Non-current assets held for sale and discontinued operations”, in accordance with the provisions of IFRS 5. Consequently, pursuant to the provisions of IFRS 5, the figures in the statements of operations and cash flow statement for the first half of 2009 have been restated in respect of those previously published.

Consolidated statements of financial position as at 30 June 2010

Assets

(euro/thousand)		At 30.06.2010	At 31.12.2009 restated	Change	Note	At 30.06.2009 restated
Non-current assets						
Intangible assets with an indefinite useful life		3,313,587	3,309,436	4,151	(5)	3,406,999
Intangible assets with a finite useful life		105,848	119,169	(13,321)	(7)	134,571
Property, plant and equipment		34,742	37,207	(2,465)	(8)	42,434
Leased assets		58,285	60,173	(1,888)	(9)	61,023
Investments accounted for at equity		343	343	-	(10)	307
Other non-current financial assets		2,080	2,203	(123)	(11)	2,305
Deferred tax assets, net		43,120	40,562	2,558	(31)	26,040
Other non-current assets		1,122	993	129	(14)	491
Total non-current assets	**(A)**	**3,559,127**	**3,570,086**	**(10,959)**		**3,674,170**
Current assets						
Inventories		13,296	10,482	2,814	(12)	13,035
Trade receivables		597,390	621,601	(24,211)	(13)	614,740
Current tax assets		8,485	8,376	109	(31)	10,296
Other current assets		67,248	64,973	2,275	(14)	71,159
Current financial assets		5,022	1,918	3,104	(19)	6,986
Cash and cash equivalents		336,992	291,991	45,001	(19)	353,158
Total current assets	**(B)**	**1,028,433**	**999,341**	**29,092**		**1,069,374**
Non-current assets held for sale and discontinued operations	**(C)**	**326**	**329**	**(3)**	**(32)**	**1,656**
Total assets	**(A+B+C)**	**4,587,886**	**4,569,756**	**18,130**		**4,745,200**

Liabilities

(euro/thousand)		At 30.06.2010	At 31.12.2009 restated	Change	Note	At 30.06.2009 restated
Equity of the Group						
Share capital		450,266	450,266	-	(15)	450,266
Additional paid-in capital		466,843	466,843	-	(15)	466,843
Reserve for foreign exchange adjustments		(38,994)	(38,445)	(549)	(15)	(34,115)
Reserve for transition to IAS/IFRS		181,570	181,570	-	(15)	181,570
Reserve for stock options		1,010	3,271	(2,261)	(15)	3,813
Reserve for "cash-flow hedge" instruments		(23,338)	(22,214)	(1,124)	(15)	(32,022)
Reserve for actuarial gains (losses)		(18,863)	(17,331)	(1,532)	(15)	(4,933)
Other reserves		(4,649)	31,433	(36,082)	(15)	30,842
Profit (loss) for the period		(10,916)	(38,041)	27,125		(51,310)
Total equity of the Group	**(A)**	**1,002,929**	**1,017,352**	**(14,423)**	**(15)**	**1,010,954**
Non-controlling interests						
Share capital and reserves		18,560	18,478	82		22,824
Profit (loss) for the period		1,811	3,433	(1,622)		898
Total non-controlling interests	**(B)**	**20,371**	**21,911**	**(1,540)**	**(15)**	**23,722**
Total equity	**(A+B)**	**1,023,300**	**1,039,263**	**(15,963)**		**1,034,676**
Non-current liabilities						
Non-current financial debts to third parties		1,562,069	1,125,960	436,109	(19)	1,594,219
Non-current financial debts to related parties		1,272,803	1,270,052	2,751	(19)	1,266,907
Non-current reserves to employees		42,750	42,896	(146)	(22)	37,197
Deferred tax liabilities, net		13,078	14,028	(950)	(31)	13,475
Other non-current liabilities		25,173	29,827	(4,654)	(24)	32,616
Total non-current liabilities	**(C)**	**2,915,873**	**2,482,763**	**433,110**		**2,944,414**
Current liabilities						
Current financial debts to third parties		166,944	597,948	(431,004)	(19)	218,253
Current financial debts to related parties		30,920	30,901	19	(19)	30,886
Trade payables		196,011	228,947	(32,936)	(26)	212,830
Reserve for current risks and charges		41,259	49,928	(8,669)	(25)	50,022
Current tax payables		42,832	39,258	3,574	(31)	61,292
Payables for services to be rendered and other current liabilities		170,497	100,493	70,004	(26)	191,192
Total current liabilities	**(D)**	**648,463**	**1,047,475**	**(399,012)**		**764,475**
Liabilities directly associated with non-current assets held for sale and discontinued operations	**(E)**	**250**	**255**	**(5)**	**(32)**	**1,635**
Total liabilities	**(C+D+E)**	**3,564,586**	**3,530,493**	**34,093**		**3,710,524**
Total liabilities and equity	**(A+B+C+D+E)**	**4,587,886**	**4,569,756**	**18,130**		**4,745,200**

In accordance with IAS 1 (as amended), from 1st January 2009 assets and liabilities relating to cash flow hedge instruments are shown in the financial statement separately as current/non current assets/liabilities referring their due date. The figures as at 30 June 2009 have therefore been restated to make them compliance.
From the 1st January 2010 in accordance to IAS 39 "Time value", as a part of cash flow hedge instruments, has been booked in the statement of operations.

Consolidated statements of operations for the first half of 2010

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Change Absolute	Change %	Note	Year 2009
Sales of goods	8,259	9,868	(1,609)	(16.3)	(28)	22,300
Rendering of services	454,937	497,457	(42,520)	(8.5)	(28)	1,187,521
Revenues from sale and services	**463,196**	**507,325**	**(44,129)**	**(8.7)**	**(28)**	**1,209,821**
Other income	2,767	2,011	756	37.6	(29)	4,654
Total revenues	**465,963**	**509,336**	**(43,373)**	**(8.5)**		**1,214,475**
Materials	(14,703)	(17,543)	2,840	16.2	(29)	(45,408)
External services	(163,303)	(169,172)	5,869	3.5	(29)	(360,758)
Salaries, wages and employee benefits	(106,707)	(112,517)	5,810	5.2	(29)	(218,176)
Other valuation adjustments	(16,997)	(21,916)	4,919	22.4	(13)	(48,745)
Provisions to reserves for risks and charges, net	88	(6,428)	6,516	n.s.	(24-25)	(9,257)
Other operating expense	(1,944)	(2,542)	598	23.5		(4,530)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	**162,397**	**179,218**	**(16,821)**	**(9.4)**		**527,601**
Amortisation, depreciation and write-down	(34,129)	(113,986)	79,857	70.1	(5-7-8-9)	(252,160)
Non-recurring costs, net	(6,080)	(4,479)	(1,601)	(35.7)	(29)	(15,740)
Restructuring costs, net	(3,009)	(11,926)	8,917	74.8	(29)	(13,973)
Operating result	**119,179**	**48,827**	**70,352**	**n.s.**		**245,728**
Interest expense	(127,332)	(110,424)	(16,908)	(15.3)	(30)	(241,306)
Interest income	8,489	16,849	(8,360)	(49.6)	(30)	26,423
Gains (loss) on investments valued at equity	-	-	-	n.s.	-	36
Income before income taxes	**336**	**(44,748)**	**45,084**	**n.s.**		**30,881**
Income taxes for the period	(9,626)	5,159	(14,785)	n.s.	(31)	(54,173)
Profit (loss) on continuing operations	**(9,290)**	**(39,589)**	**30,299**	**76.5**		**(23,292)**
Profit (loss) from non-current assets held for sale and discontinued operations	(162)	(10,823)	10,661	98.5	(32)	(12,337)
Profit (loss) for the period	**(9,452)**	**(50,412)**	**40,960**	**81.3**		**(35,629)**
- of which non-controlling interests	1,464	898	566	63.0		2,412
- of which pertaining to the Group	(10,916)	(51,310)	40,394	78.7		(38,041)

From the 1st January 2010 in accordance to IAS 39 "Time value", as a part of cash flow hedge instruments, has been booked in the statement of operations. Interest expenses of 1st half year 2009 and of year 2009 have been restated.

		At 30.06.2010	At 30.06.2009	At 31.12.2009
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*	*1,927,027,333*
- savings shares	*No.*	*680,373*	*680,373*	*680,373*
Profit (loss) for the year	€/thousand	(10,916)	(51,310)	(38,041)
Profit (loss) par share	€	(0.006)	(0.063)	(0.028)

Profit (loss) per share were calculated by dividing the economic results of the SEAT Pagine Gialle group by the average number of shares outstanding over the period. According to IAS 33, there was no diluition of profit (loss) par share for the period since the market value of SEAT Pagine Gialle S.p.A.'s ordinary share is significantly lower than the strike price of the options still exercisable as at 31 December 2009 and 30 June 2009.

Consolidated statements of comprehensive income for the first half of 2010

(euro/thousand)		1st half year 2010	1st half year 2009 restated	Year 2009
Profit (loss) for the period	**(A)**	**(9,452)**	**(50,412)**	**(35,629)**
Profit (loss) for "cash flow hedge" instruments		(1,124)	(21,091)	(11,283)
Profit (loss) for foreign exchange adjustments		(549)	11,128	6,798
Actuarial gain (loss) recognised to equity		(1,532)	(3,378)	(15,776)
Total other comprehensive profit (loss) for the period, net of tax effect	**(B)**	**(3,205)**	**(13,341)**	**(20,261)**
Total comprehensive profit (loss) for the period	**(A + B)**	**(12,657)**	**(63,753)**	**(55,890)**
- of which non-controlling interests		1,464	898	2,412
- of which pertaining to the Group		(14,121)	(64,651)	(58,302)

Consolidated statements of cash flows for the first half of 2010

(euro/thousand)		1st half year 2010	1st half year 2009 restated	Change	Year 2009
Cash inflow from operating activities					
EBIT		119,179	48,827	70,352	245,728
Amortisation, depreciation and write-down		34,129	113,986	(79,857)	252,160
Costs for stock option		61	105	(44)	227
(Gains) losses on disposal of non-current assets		(846)	115	(961)	264
Change in working capital		43,338	66,208	(22,870)	(1,614)
Income taxes paid		(4,281)	(11,763)	7,482	(108,761)
Change in non-current liabilities		(8,742)	3,164	(11,906)	(12,417)
Foreign exchange adjustments and other movements		(6,530)	(7,146)	616	(3,539)
Cash inflow from operating activities	**(A)**	**176,308**	**213,496**	**(37,188)**	**372,048**
Cash outflow for investments					
Purchase of consolidated subsidiaries		-	(76)	76	-
Purchase of intangible assets with finite useful life		(12,803)	(20,862)	8,059	(44,984)
Purchase of property, plant and equipment		(3,154)	(4,691)	1,537	(6,959)
Other investments		(154)	(159)	5	(673)
Proceeds from disposal of non-current assets		1,312	68	1,244	104
Cash outflow for investments	**(B)**	**(14,799)**	**(25,720)**	**10,921**	**(52,512)**
Cash outflow for financing					
Proceeds from non-current loans		536,799	-	536,799	-
Repayments of non-current loans		(543,980)	(211,254)	(332,726)	(303,910)
Payment of interest expense, net		(129,421)	(85,245)	(44,176)	(186,842)
Change in other current financial assets and liabilities		23,623	(31,843)	55,466	(29,132)
Capital increase		-	193,519	(193,519)	193,519
Distribution of dividends		(3,365)	(3,365)	-	(3,365)
Cash outflow for financing	**(C)**	**(116,344)**	**(138,188)**	**21,844**	**(329,730)**
Cash flow from non-current assets held for sale and discontinued operations	**(D)**	**(164)**	**(1,032)**	**868**	**(2,417)**
Increase (decrease) in cash and cash equivalents in the period	**(A+B+C+D)**	**45,001**	**48,556**	**(3,555)**	**(12,611)**
Cash and cash equivalent at beginning of the period		**291,991**	**304,602**	**(12,611)**	**304,602**
Cash and cash equivalent at end of the period		**336,992**	**353,158**	**(16,166)**	**291,991**

Statement of changes in consolidated equity from 31 December 2009 to 30 June 2010

	Group				Non-controlling interests			Total
(euro/thousand)	Share capital	Reserves	Profit (loss) for the period	Total	Share capital and reserves	Profit (loss) for the period	Total	
At 31 December 2009	**450,266**	**599,942**	**(38,041)**	**1,012,167**	**18,478**	**3,433**	**21,911**	**1,034,078**
Reastated due to errors		5,185		5,185				5,185
At 31 December 2009 restated	**450,266**	**605,127**	**(38,041)**	**1,017,352**	**18,478**	**3,433**	**21,911**	**1,039,263**
Allocation of previous year profit (loss)		(38,041)	38,041		68	(3,433)	(3,365)	(3,365)
- Reserves		*(38,041)*	*38,041*		*3,433*	*(3,433)*		
- Dividends					*(3,365)*		*(3,365)*	*(3,365)*
Othe movements		(302)		(302)	14		14	(288)
Profit (loss) for the period			(10,916)	(10,916)		1,811	1,811	(9,105)
Other comprehensive profit (loss) for the period, net of tax effect		(3,205)		(3,205)				(3,205)
At 30 June 2010	**450,266**	**563,579**	**(10,916)**	**1,002,929**	**18,560**	**1,811**	**20,371**	**1,023,300**

Statement of changes in consolidated equity from 31 December 2008 to 30 June 2009

	Group				Non-controlling			Total
(euro/thousand)	Share capital	Reserves	Profit (loss) for the period	Total	Share capital and reserves	Profit (loss) for the period	Total	
At 31 December 2008	**250,352**	**805,889**	**(179,646)**	**876,595**	**20,980**	**5,966**	**26,946**	**903,541**
Reastated due to errors		5,037	148	5,185				5,185
At 31 December 2008 restated	**250,352**	**810,926**	**(179,498)**	**881,780**	**20,980**	**5,966**	**26,946**	**908,726**
Allocation of previous year profit (loss)		(179,498)	179,498		2,601	(5,966)	(3,365)	(3,365)
- Reserves		*(179,498)*	*179,498*		*5,966*	*(5,966)*		
- Dividends					*(3,365)*		*(3,365)*	*(3,365)*
Capital increase	199,914	(6,395)		193,519				193,519
Othe movements and changes in the scope of consolidation		306		306	(757)		(757)	(451)
Profit (loss) for the period			(51,310)	(51,310)		898	898	(50,412)
Other comprehensive profit (loss) for the period, net of tax effect		(13,341)		(13,341)				(13,341)
At 30 June 2009 restated	**450,266**	**611,998**	**(51,310)**	**1,010,954**	**22,824**	**898**	**23,722**	**1,034,676**

Explanatory notes

1. Company information

The SEAT Pagine Gialle group is a major multimedia platform that provides detailed information and sophisticated search tools to tens of millions of users and offers its advertisers a wide range of multiplatform advertising methods (print-online-voice). The Group specialises in highly innovative online products, print directories and directory assistance services, as well as providing a large selection of complementary advertising services. The Parent Company, SEAT Pagine Gialle S.p.A., has its registered office in Milan at Via Grosio 10/4, and has share capital of € 450,266 thousand.
The Group's main activities are described in the "Report on operations, in the section Economic and financial performance by Business Area".

2. Basis of presentation

The Condensed consolidated first half year financial statements as at 30 June 2010 were drawn up pursuant to article 154-ter of Legislative Decree No. 58/98 and were prepared in accordance with applicable IAS/IFRS principles recognised by the European Community pursuant to European Parliament and Council Regulation No. 1606/2002 of 19 July 2002 and, in particular, IAS 34 (interim financial statements), as well as the provisions issued pursuant to article 9 of Legislative Decree No. 38/2005. They do not include all the information required in annual consolidated financial statements, and therefore should be read in conjunction with the consolidated financial statements of the SEAT Pagine Gialle group for 2009.
The SEAT Pagine Gialle group adopted IAS/IFRS standards on 1 January 2005 after European Regulation No. 1606 entered into force on 19 July 2002.
The consolidated financial statements were drawn up based on the historical cost principle, except for pension fund assets, derivatives and financial assets held for sale, which were recorded at fair value.

The financial statement formats adopted are in line with those provided for by IAS 1. To be specific:
- the *consolidated statements of financial position* was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- the *consolidated statements of operations* was prepared by classifying operating costs by type, as this is considered the best way to present the Group's activities and complies with internal reporting methods. Furthermore, economic and financial results of continuing operations were recorded separately from "Profit (loss) from non-current assets held for sale and discontinued operations, net", as required by IFRS 5. In accordance with CONSOB decision No. 15519 of 27 July 2006, income and expense from non-recurring transactions were specifically identified in the context of the statements of operations classified by type, showing their effect on operating result.

  Non-recurring income and expense included cases which, by their nature, do not occur continuously in the normal course of operations, such as:
  - costs of company reorganisation (such as the costs incurred by SEAT Pagine Gialle S.p.A. to relocate its employees to the new Turin site);
  - stock option plan costs;
  - extraordinary strategic consultancy (preparation of strategic plans, integration of new companies into the Group, investment portfolio valuation, analysis of optimised operating costs etc.);
  - costs linked to director and department manager severance pay;

- the *consolidated statements of comprehensive income* shows the cost and/or revenue items not yet recognised to the statements of operations with a positive impact on Group equity as at the end of the period;
- the *consolidated statements of cash flows* was prepared by recording cash flows on operating activities according to the "indirect method", as allowed by IAS 7, showing cash flows on operating activities, investments and financial assets separately from those on non-current assets held for sale and discontinued operations.
  The cash and cash equivalents recorded in the financial statements include cash, cheques, bank overdrafts and short-term securities that are quickly convertible into cash.
  Cash flows on operating activities were recorded by adjusting the operating result for the period to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows on investments or financial assets or relating to non-current assets held for sale and discontinued operations.

The data are presented in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated.

2.1 Consolidation policies

The Condensed consolidated first half year financial statements include the first half financial statements of SEAT Pagine Gialle S.p.A. and its subsidiaries. Where necessary, these financial statements have been amended to make them consistent with the assessment criteria adopted by the Parent Company.
The subsidiaries were consolidated using the global integration method as of the date of acquisition, or the date on which the Group acquired control, and ceased to be consolidated on the date on which control was transferred outside of the Group. Furthermore, special purpose entities (SPEs) were fully consolidated if the Group held most of the risks and rewards of ownership, regardless of the share of equity held. Consequently, Meliadi Finance S.r.l. (the ad-hoc SPE created for the securitisation of trade receivables) was fully consolidated, despite the fact that the Group does not hold any of the company's equity.

The following principles of consolidation were also used:
- recognition of assets, liabilities, costs and revenue in their total amount, not considering the amount of equity held, and recognising to non-controlling interest, in separate items, the share of equity and profit for the period pertaining to them;
- elimination of receivables and payables, as well as costs and revenue, existing between the consolidated companies;
- elimination of intra-group dividends.

Unrealised intra-group profits have not been eliminated, since they are of an insignificant amount.
Associate companies were consolidated at equity.
The acquisition of new subsidiaries was recorded using the purchase method, with consequent allocation of the cost of aggregation of the company at the fair value of the assets, liabilities and potential liabilities acquired on the date of acquisition. For acquisition during the first half, the condensed consolidated financial statements for the first half year include the result of these companies for the period from the date of acquisition until the end of June.
Non-controlling interests represent the portion of the economic and financial result and equity of the subsidiaries not held by the Group. These are presented separately from the portions pertaining to the Group in the consolidated statements of operations and equity.
Subsidiaries financial statements for the first half year that are not euro-denominated are translated into euro by applying period-end exchange rates (current exchange rate method) to statements of financial position items and average exchange rates for the period to statements of operations items. Translations differentials on the conversion of opening equity and of closing profit/loss are recognised in equity until disposal of the participation concerned. The consolidated statements of cash flows apply average exchange rates for the period to the conversion of the cash flows of foreign subsidiaries.

The exchange rates used are as follows

Currency/euro	Average exchange rate 1st half year 2010	Period-end exchange rate as at 30 June 2010	Average exchange rate 1st half year 2009	Period-end exchange as at 30 June 2009	Average exchange year 2009	Year-end exchange rate 2009
Pound sterling	1.1494	1.2233	1.1187	1.1736	1.1224	1.1260
Turkish lira	-	-	0.4646	0.4627	0.4623	0.4641

2.2 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing interim financial statements the management must make estimates and assumptions that affect the figures for revenue, costs, and assets and liabilities in the financial statements, as well as the information on potential assets and liabilities as at the closing date. The results produced may differ from these estimates.
The estimates are used to measure provisions for risks on receivables and error practices, amortisation and depreciation, asset write-down, employee benefits, taxes, restructuring reserves, and other provisions and reserves.
The estimates and assumptions are reviewed periodically and the effects of each change are immediately reflected in the statements of operations.

3. Accounting principles

Accounting principles used for the “First half report as at 30 June 2010” were comply with those used for the “2009 Annual Report”.
With reference to the description of accounting principles not yet applicable and/or recently approved by the European Commission, in addition to “Consolidated and separate financial statements as at 31 December 2009”, which should be referred to, in 2010 the IASB issued the document “Improvements to IFRSs", which contains amendments, essentially of a technical and editorial nature, to the international accounting standards and existing interpretations. These improvements have had no significant impacts on the Condensed consolidated financial statements as at 30 June 2010.

4. Restatement due to errors

The amount relating to the transaction costs on the loan with Lighthouse International Company S.A. has been adjusted with reference to the amount not yet amortised as at 31 December 2008. The figures in the statements of financial position as at 30 June 2009 and 31 December 2009 have therefore been restated in accordance with the provisions of IAS 8, with a view to applying the amortised cost method provided for by IAS 39 more accurately thanks to the use of more reliable calculation methods than those used on 31 December 2008.
Since the amounts recorded in the statements of operations differ slightly from the aforementioned recalculation, the adjustment has had an impact mainly on capital, and in particular has affected equity and non-current financial debts to third parties, as shown in the table below.

(euro/thousand)	At 31.12.2008	At 30.06.2009	At 31.12.2009
Impact on Group equity	**5,185**	**5,185**	**5,185**
Non-current financial liabilities to third parties	(5,185)	(5,185)	(5,185)
Impact on total non-current liabilities	**(5,185)**	**(5,185)**	**(5,185)**

5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life totalled € 3,313,587 thousand as at 30 June 2010 (€ 3,309,436 thousand as at 31 December 2009) and can be analysed as follows

	1st half year 2010			1st half year 2009
(euro/thousand)	Goodwill	Consolidation differences	Totale	Total
Balance at beginning of the period	**3,182,784**	**126,652**	**3,309,436**	**3,393,998**
Investments	-	-	-	76
Foreign exchange adjustments	-	4,151	4,151	15,338
Impairment	-	-	-	(2,413)
Balance at end of the period	**3,182,784**	**130,803**	**3,313,587**	**3,406,999**

They can be broken down into:
- *goodwill* worth € 3,182,784 thousand as at 30 June 2010, including € 3,169,868 thousand relating to merger deficits arising from transactions carried out in previous periods by the Parent Company, SEAT Pagine Gialle S.p.A.;
- *consolidation differences* worth € 130,803 thousand as at 30 June 2010, (€ 126,652 thousand as at 31 December 2009), which represent the difference between the acquisition value of fully consolidated equity investments and the value of their corresponding share of equity at the time of acquisition. The item increased by € 4,151 thousand over the period due to a change in the euro/sterling exchange rate.

6. Impairment testing of intangible assets with an indefinite useful life

The goodwill acquired through the aggregation of companies had already been allocated – on the date of acquisition – to the respective companies acquired, which constitute separate cash generating units (CGUs) for the purposes of ascertaining any impairment.
The following table shows the goodwill recorded, broken down between the various CGUs.

(euro/thousand)	At 30.06.2010	At 31.12.2009
SEAT Pagine Gialle S.p.A.	3,180,174	3,180,174
Telegate group	78,518	78,518
TDL Infomedia Ltd.	52,184	48,033
Consodata S.p.A.	2,610	2,610
Prontoseat S.r.l.	101	101
Total	**3,313,587**	**3,309,436**

In the SEAT Pagine Gialle group, impairment tests are usually carried out at the end of the period, or beforehand if any impairment indicators are identified.
As regards goodwill, in light of the economic and financial results generated by some Group subsidiaries throughout the year and a SEAT Pagine Gialle S.p.A. market capitalisation that remains lower than its carrying value, it was decided that the impairment tests carried out on 31 December 2009 should be updated on 30 June 2010, referring to the business estimates for the 2010-2013 period, which were drawn up in accordance with the guidelines approved by the Board of Directors. These estimates basically confirmed the enterprise value figures determined in December 2009, and therefore it was not necessary to record new write-downs for the first half.

Impairment tests and findings

The impairment tests were carried out by comparing the carrying value of each CGU with its *recoverable amount*, equal to the greater figure between the fair value of the asset itself and its value in use (current value of expected future cash flows which it is assumed will arise from permanent use and from the divestment of an asset at the end of its useful life). The equity value, or the difference between the enterprise value and the value of the net financial position, was taken into consideration in order to obtain the value in use. With regard to the impairment test carried out on the goodwill recorded for the CGU "SEAT Pagine Gialle S.p.A.", the Company's value in use was used, which was greater than its market value (IAS 36), as it was considered to be more representative of the Company's value.
For each CGU, the *value in use* was estimated as the current value of forecast operating cash flows, according to two periods of time. The first was defined using a timeline based on the aforementioned Business Plans prepared by the company management, whereas the second was defined using the so-called terminal value. To this end, for each CGU the operating result was used, net of taxes, plus amortisation, depreciation and write-down, and reduced to reflect the operating investments and cash generation/use arising from the change in operating working capital. Cash flows on extraordinary transactions were not taken into consideration. The *terminal value* was estimated using the perpetuity method, with a more-or-less zero growth rate (in line with the growth rate used in the impairment tests carried out on 31 December 2009), since the economic context continued to be unfavourable and to have a negative impact on the development prospects

of the traditional advertising market, which was only partially offset by the steady growth of the online advertising market.
The operating cash flow determined as a result was reduced using a discount rate that reflected the weighted opportunity cost of all sources of capital *(weighted average cost of capital – WACC)*, based on the specific target financial structure of each CGU. The cost of debt was estimated using the expected average cost of debt of SEAT Pagine Gialle S.p.A., since the Parent Company is the cash pool leader within the group and is the only Company that has third-party debts. The *share beta* reflected the debt/equity financial structure and risk premium of each CGU. The *"specific"* risk was calculated on the basis of the intrinsic risk of the CGU's business and the market, referring to the analysis reports prepared by the main investment banks that monitor the activities of SEAT Pagine Gialle S.p.A..

Assumptions underlying the Business Plan

The worsening of macroeconomic conditions compared to the situation predicted at the end of 2008 caused SEAT Pagine Gialle S.p.A. to revise downwards the estimates made when preparing its 2009-2011 Business Plan. This revision resulted in new business estimates being made for the 2010-2013 period. Like the previous Business Plan, these estimates were characterised by a high level of uncertainty due in particular to the use of projections regarding future events (such as the projections on the expected macroeconomic situation, which is currently still in recession, and the performance of financial markets, which present a high level of uncertainty). In order to make these projections, the management had to carry out estimates and valuations, which may turn out to be different from the figures ultimately obtained.
The 2010-2013 business estimates were made based on the assumption that the first half of 2010 would still be affected by the economic slowdown. In Italy it was predicted that revenue would show positive signs only in the second half of 2010, thanks to the expansion of the company's range to include new online products and services and multimedia packages, as well as the improved organisation of the sales force.
Overseas the difficult market context is expected to particularly affect TDL Infomedia, which has suffered considerably as a result of the severe downturn in the UK economy (GDP shrank by 5% in 2009) and the high level of competition between the various media operators. The Telegate group's revenue is expected to reflect the effects of the continued decline in call volumes recorded in recent years.
Taking these effects into account, as more or less confirmed by market estimates, EBITDA is expected to fall in 2010 both in Italy and abroad.
As regards the estimates used for the 2011-2013 period, the management predicted a gradual improvement in company performances, with operating results initially expected to remain stable before improving slightly, due to:

- the expected improvement in the economic and financial situation in Europe;
- the completion of the process of migrating the customer base from a single-product range based mainly on print products to a multimedia package featuring a large number of online services;
- the implementation of structural measures to reduce operating costs, based on cutting current expenses and redesigning the main operating processes, which will enable the company to protect the high margins it has achieved in the past.

Capital expenditure are expected to be reduced slightly, but will be at sufficient levels to support the company's business development plans.

Sensitivity analysis

The 10% reduction in EBITDA expected in the last year of the Plan (figures used as a basis for determining terminal value) would not result in the recording of impairment for any of the CGUs. With regard to the CGU SEAT Pagine Gialle S.p.A., the residual difference between the enterprise value and the book value of the CGU would be € 332 million.
An increase of 0.75 percentage points in the WACC would reduce this difference to € 291 million. As at 30 June 2010 the difference was € 668 million. The WACC used in the impairment test on 30 June 2010 was 8.0%, against 8.5% as at 31 December 2009. This reduction in WACC is attributable to the trend in market rates over the period.
With reference to the other CGUs, an increase of 0.75 percentage points in the WACC would not result in any impairment being recorded.

7. Intangible assets with a finite useful life

Intangible assets with a finite useful life totalled € 105,848 thousand as at 30 June 2010 (€ 119,169 thousand as at 31 December 2009) and can be analysed as follows

	1st half year 2010					1st half year 2009
(euro/thousand)	Customer Databases	Software	Patents,concessions brands and licences	Other intangible assets	Total	Total
Cost	*1,003,698*	*254,112*	*27,038*	*26,567*	*1,311,415*	*1,274,468*
Depreciation	*(977,877)*	*(176,706)*	*(18,560)*	*(19,103)*	*(1,192,246)*	*(1,054,716)*
Balance at beginning of the period	**25,821**	**77,406**	**8,478**	**7,464**	**119,169**	**219,752**
- Investments	-	8,345	1,397	3,061	12,803	20,929
- Amortisation	(1,565)	(21,537)	(2,400)	(706)	(26,208)	(106,191)
- Write-downs	-	(59)	-	(77)	(136)	(5)
- Change in consolidation scope	-	-	-	-	-	(1)
- Foreign exchange adjustments and other movements	-	3,301	132	(3,213)	220	87
Cost	*1,003,698*	*266,141*	*28,386*	*27,009*	*1,325,234*	*1,289,253*
Depreciation	*(979,442)*	*(198,685)*	*(20,779)*	*(20,480)*	*(1,219,386)*	*(1,154,682)*
Balance at end of the period	**24,256**	**67,456**	**7,607**	**6,529**	**105,848**	**134,571**

Intangible assets with a finite useful life can be broken down into:

- *customer database* totalled € 24,256 thousand as at 30 June 2010 (€ 25,821 thousand as at 31 December 2009). This item fell by € 1,565 thousand over the period, in relation to amortisation (€ 82,598 thousand in the first half of 2009, including € 81,033 thousand relating to the Parent Company). The amortisation of the customer database was completed in July 2009. The amortisation was recorded under SEAT Pagine Gialle S.p.A. as a partial allocation of the merger deficit arising from the transactions that took place in December 2003 (€ 972,400 thousand);
- *software* totalled € 67,456 thousand as at 30 June 2010 (€ 77,406 thousand as at 31 December 2009), including costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under licence, particularly in the commercial, publishing and administrative areas. These costs increased by € 8,345 thousand over the period, particularly due to the realisation and strengthening of the CRM (customer relationship management) system, a front-end SAP/SFE commercial system in SEAT Pagine Gialle S.p.A.;
- *patents, concessions, trademarks and licences* totalled € 7,607 thousand as at 30 June 2010, (€ 8,478 thousand as at 31 December 2009), referring mainly to Telegate group licences relating to voice portals;
- *other intangible assets* totalled € 6,529 thousand as at 30 June 2010, (€ 7,464 thousand as at 31 December 2009), referring mainly to software designs in progress.

Investments in the first half of 2010 totalled € 12,803 thousand (€ 20,929 thousand in the first half of 2009). To be specific, investments were made in the following business areas:

- the Parent Company (€ 10,572 thousand in the first half of 2010, compared to € 18,419 thousand in the first half of 2009):
  - the realisation and strengthening of the CRM system to facilitate connections with back-end systems (SAP, SEM etc.);
  - improvements to IT systems to meet the new requirements of the company's Marketing Plans, with the launch of new products and improvements made to the existing print-online-voice platforms;
  - a review of the company’s main processes with a view to developing its products from a customer-centric perspective by adopting a single-contract *(Contratto Unico)* approach.

- The Telegate group, (€ 640 thousand in the first half of 2010) for the development of software and IT infrastructure in order to expand its online systems in Germany.

- Consodata S.p.A., (€ 1,166 thousand in the first half of 2010) for the purchase and development of application-oriented software.

8. Property, plant and equipment

Property, plant and equipment totalled € 34,742 thousand as at 30 June 2010 (€ 37,207 thousand as at 31 December 2009). This item was recorded net of reserves for depreciation totalling € 102,416 thousand as at the end of the period, which as a proportion of the gross value was 74.67% (74.14% as at 31 December 2009). The item can be analysed as follows

(euro/thousand)	1st half year 2010 Property	Plant and equipment	Other fixed assets	Total	1st half year 2009 Total
Cost	*21,216*	*52,612*	*70,035*	*143,863*	*164,920*
Depreciation	*(7,402)*	*(44,997)*	*(54,257)*	*(106,656)*	*(121,204)*
Balance at beginning of the period	**13,814**	**7,615**	**15,778**	**37,207**	**43,716**
- Investments	4	627	2,523	3,154	4,716
- Depreciation and write-downs	(340)	(2,217)	(3,321)	(5,878)	(6,913)
- Change in consolidation scope	-	-	-	-	(29)
- Disposals and other movements	478	(7)	(212)	259	944
Cost	*21,741*	*48,720*	*66,697*	*137,158*	*149,403*
Depreciation	*(7,785)*	*(42,702)*	*(51,929)*	*(102,416)*	*(106,969)*
Balance at end of the period	**13,956**	**6,018**	**14,768**	**34,742**	**42,434**

This item includes:

- *property* worth € 13,956 thousand as at 30 June 2010 (€ 13,814 thousand as at 31 December 2009), referring mainly to the Milan and Catania sites where Cipi S.p.A. carries out its operations;
- *plant and equipment* worth € 6,018 thousand as at 30 June 2010 (€ 7,615 thousand as at 31 December 2009). Investments in the first half of 2010 totalled € 627 thousand (€ 847 thousand in the first half of 2009), including € 585 thousand of investments in technological infrastructure for the Telegate group;
- *other fixed assets* worth € 14,768 thousand as at 30 June 2010 (€ 15,778 thousand as at 31 December 2009), including € 7,024 thousand relating to IT equipment and systems.

Investments in the first half of 2010 totalled € 3,154 thousand (€ 4,716 thousand in the first half of 2009), including € 2,523 thousand relating to the purchase of EDP systems.

The current reserves for depreciation (€ 102,416 thousand) are considered to be adequate, for each fixed asset class, to cover the depreciation of the assets in relation to their estimated residual useful life.

The following table gives an overview of the depreciation rates used

	1st half year 2010	1st half year 2009
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-25%	10-25%

9. Leased assets

Financial leased assets totalled € 58,285 thousand as at 30 June 2010, including € 58,266 thousand relating to the new Turin property complex to which SEAT Pagine Gialle S.p.A. transferred its offices at the end of December 2008.
The assets that make up the property complex, pursuant to IAS 17, were initially recorded in the financial statements at fair value, since this was lower than the discounted value of the minimum payments due under the lease.
The Company believes that the property complex has retained its market value throughout the year.

	1st half year 2010					1st half year 2009
(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
Cost	*10,500*	*33,076*	*16,524*	*4,354*	*64,454*	*63,383*
Depreciation	-	*(978)*	*(2,183)*	*(1,120)*	*(4,281)*	*(497)*
Balance at beginning of the period	**10,500**	**32,098**	**14,341**	**3,234**	**60,173**	**62,886**
Movements of the period	-	(496)	(1,105)	(287)	(1,888)	(1,863)
Cost	*10,500*	*33,076*	*16,524*	*4,134*	*64,234*	*63,333*
Depreciation	-	*(1,474)*	*(3,288)*	*(1,187)*	*(5,949)*	*(2,310)*
Balance at end of the period	**10,500**	**31,602**	**13,236**	**2,947**	**58,285**	**61,023**

10. Investments valued at equity

The changes that occurred throughout the period are as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009
Associates		
Lighthouse International Company S.A.	343	343
Total investments valued at equity	**343**	**343**

11. Other non-current financial assets

Other non-current financial assets totalled € 2,080 thousand as at 30 June 2010 (€ 2,203 thousand as at 31 December 2009), and include:
- loans to employees worth € 1,964 thousand, issued at market rates for transactions of this kind;
- assets held for sale, including € 110 thousand relating to the 2.2% stake held in Emittenti Titoli S.p.A..

12. Inventories

Inventories can be broken down as follows

(euro/thousand)	At 31.12.2009	Change during the period: Increase (Decrease)	Foreign exchange adjustments, change in consolidation scope and other moviments	Total	At 30.06.2010
Raw materials, suppliers and consumables	6,291	1,350	49	1,399	7,690
Merchandising products	2,415	194	(232)	(38)	2,377
Work in progress and semi-finished goods	1,382	1,723	-	1,723	3,105
Finished goods	394	(270)	-	(270)	124
Total inventories	**10,482**	**2,997**	**(183)**	**2,814**	**13,296**

13. Trade receivables

Trade receivables can be broken down as follows

	1st half year 2010			1st half year 2009
(euro/thousand)	Trade receivables	Allowance for doubtful trade receivables	Net Value	Net Value
Balance at beginning of the period	**736,855**	**(115,254)**	**621,601**	**671,014**
Provision in the statement of operations	-	(16,668)	(16,668)	(21,764)
Utilisation	-	22,000	22,000	3,414
Foreign exchange adjustments and other movements	(29,423)	(120)	(29,543)	(37,924)
Balance at end of the period	**707,432**	**(110,042)**	**597,390**	**614,740**

Trade receivables totalled € 597,390 thousand as at 30 June 2010 (net of reserves for write-down of € 110,042 thousand) including € 2,107 thousand with a maturity of over 12 months.
Securitised receivables continue to be recorded under the item "trade receivables", pursuant to IAS 39, because SEAT Pagine Gialle S.p.A. still holds the risks and benefits.
Allowance for doubtful trade receivables totalled € 110,042 thousand as at 30 June 2010, including € 101,025 thousand relating to the Parent Company, and are considered to be adequate to cover expected losses.
A total of € 22,000 thousand of these provisions was used in the first half of 2010 (€ 3,414 thousand in the first six months of 2009). The use of the provisions is mainly attributable to the Parent Company, due to the completion of the development of its new IT system in the commercial and administrative areas. This enabled the Company to fully resume the management of overdue receivables in accordance with normal company operations, whereas the first half of 2009 was affected by the launch of this system and consequent operating failures in these areas.
A provision of € 16,668 thousand was added to the allowance for doubtful trade receivables (€ 21,764 thousand in the first half of 2009), meaning that the coverage of overdue receivables remained more or less stable.
For more information of the Group's credit risk, see the "2009 Annual Report".

14. Other assets (current and non-current)

Other current and non-current assets totalled € 68,370 thousand as at 30 June 2010, against € 65,966 thousand as at 31 December 2009, and can be broken down as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009	Change
Advances on sales commission and other receivables from agents	46,608	47,113	(505)
Advances to suppliers	7,665	6,448	1,217
Prepaid expenses	5,596	4,838	758
Other receivables	7,379	6,574	805
Total other current assets	**67,248**	**64,973**	**2,275**
Other non-current assets	**1,122**	**993**	**129**
Total other current assets and non-current assets	**68,370**	**65,966**	**2,404**

To be more specific:
- *advances on sales commission and other receivables from agents* totalled € 46,608 thousand as at 30 June 2010 (€ 47,113 thousand as at 31 December 2009) and were recorded net of reserves for write-down, which totalled € 2,672 thousand as at 30 June 2010 (€ 2,338 thousand as at 31 December 2009). This includes € 268 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets", since they fall within the normal company operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *advances to suppliers*, which totalled € 7,665 thousand as at 30 June 2010 (€ 6,448 thousand as at 31 December 2009) include € 7,249 thousand relating to advances paid to ILTE S.p.A., the printing company (€ 6,239 thousand as at 31 December 2009).

15. Equity

Equity can be broken down as follows

(euro/thousand)	At 31.12.2009 restated	Change for the period: Cover for loss/ Allocation of previous year result	Dividend distribution	Other movements	Profit (loss) of the period	Other comprehensive profit for the period, net of tax effect	Total	At 30.06.2010
Share capital	450,266							450,266
- ordinary shares	*446,184*							*446,184*
- savings shares	*4,082*							*4,082*
Additional paid-in capital	466,843							466,843
Reserve for transition to IAS/IFRS	181,570							181,570
Reserve for stock options	3,271			(2,261)			(2,261)	1,010
Other reserves	50,071							50,071
Retained earnings (losses)	(18,638)	(38,041)		1,959			(36,082)	(54,720)
Profit (loss) for the period	(38,041)	38,041			(10,916)		27,125	(10,916)
Other comprehensive profit/loss for the period, net of tax effects								
- Reserve for "cash-flow hedge" instruments	*(22,214)*					*(1,124)*	*(1,124)*	*(23,338)*
- Reserve for actuarial gains (losses)	*(17,331)*			*(1,532)*			*(1,532)*	*(18,863)*
- Reserve for foreign exchange adjustments	*(38,445)*					*(549)*	*(549)*	*(38,994)*
Equity of the Group	**1,017,352**			**(1,834)**	**(10,916)**	**(1,673)**	**(14,423)**	**1,002,929**
Share capital and reserves	18,478	3,433	(3,365)	14			82	18,560
Profit (loss) for the period	3,433	(3,433)			1,811		(1,622)	1,811
Non-controlling interests	**21,911**		**(3,365)**	**14**	**1,811**		**(1,540)**	**20,371**
Total equity	**1,039,263**		**(3,365)**	**(1,820)**	**(9,105)**	**(1,673)**	**(15,963)**	**1,023,300**

Share capital

Share capital totalled € 450,266 thousand as at 30 June 2010, remaining unchanged compared to 31 December 2009.

As at 30 June 2010 the share capital comprised No. 1,927,027,333 ordinary shares and No. 680,373 savings shares. None of the shares has a face value.

Of the share capital, € 13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, since the Parent Company is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital totalled € 466,843 thousand as at 30 June 2010, against € 466,843 thousand as at 31 December 2009.

Of the additional paid-in capital, € 142,619 thousand was considered to be subject to taxation in case of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law No. 342/2000. Deferred tax liabilities were not calculated on this amount, since the Parent Company is not planning to pay it out.

Reserve for stock options

The *reserve for stock options* totalled € 1,010 thousand as at 30 June 2010 (€ 3,271 thousand as at 31 December 2009). It decreased over the period due to the combined effect of the following elements:

- a reduction of € 2,316 thousand due to the reversal to "Retained earnings (losses)" of the portion relating to options expired in the period following the closure of the relevant stock option plans;
- an increase of € 46 thousand for options not yet matured, in accordance with the provisions of IFRS 2.

Other profit (loss) for the period

The *reserve for "cash flow hedge" instruments* was negative € 23,338 thousand as at 30 June 2010 (negative € 22,214 thousand as at 31 December 2009). This reserve represents the market value of the cash flow hedge instruments against interest rate risk in place on the date of the financial statements or, if already closed out, cash flow hedge instruments that will become effective in future periods. For a more detailed description of the hedging transactions carried out by the Group, see point 21 of the Explanatory note.

The *reserve for actuarial gains (losses)* was negative € 18,863 thousand (negative € 17,331 thousand as at 31 December 2009) and included the cumulative effect of recording actuarial gains (losses) on defined benefit pension plans (TDL Infomedia group pension funds and, for Italian companies, the reserve for severance indemnities) due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A. For more details on how these amounts were determined, see point 22 of the Explanatory note.

The *reserve for foreign exchange adjustments* was negative € 38,994 thousand as at 30 June 2010 (€ 38,445 thousand as at 31 December 2009) and related to the consolidation of the TDL Infomedia group, whose financial statements were drawn up in sterling.

Retained earnings (losses)

The *retained losses* reserve totalled € 54,720 thousand as at 30 June 2010 (€ 18,638 thousand as at 31 December 2009 *restated*). The changes to this reserve during the first half of 2010 were due to the allocation of the loss for 2009 and the closure of the Stock Option plans in place as at 31 December 2009.

16. Totsl other comprehensive profit (loss) for the period

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Year 2009
Profit (loss) for "cash flow hedge" instruments for the period	(11,254)	(21,511)	(33,515)
Loss (profit) for "cash flow hedge" instruments reclassified to statements of operations	10,130	420	22,232
Profit (loss) for "cash flow hedge" instruments	**(1,124)**	**(21,091)**	**(11,283)**
Profit (loss) for foreign exchange adjustements	(549)	10,847	6,517
Loss (profit) for foreign exchange adjustements reclassified to statements of operations	-	281	281
Profit (loss) for foreign exchange adjustements	**(549)**	**11,128**	**6,798**
Actuarial gain (loss) recognised to equity	(2,120)	(4,692)	(21,900)
Tax effect of actuarial gain (loss) recognised to equity	588	1,314	6,124
Actuarial gain (loss) recognised to equity, net of tax effect	**(1,532)**	**(3,378)**	**(15,776)**
Total Other comprehensive profit (loss) for the period, net of tax effect	**(3,205)**	**(13,341)**	**(20,261)**

17. Dividends distributed to Shareholders

During the first half of 2010 a total of € 3,365 thousand (€ 3,365 thousand in the first half of 2009) of dividends were distributed to non-controlling interests by subsidiary companies, particularly Telegate AG.

18. Profit (loss) per share

		At 30.06.2010	At 30.06.2009	At 31.12.2009
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*	*1,927,027,333*
- savings shares	*No.*	*680,373*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(10,916)	(51,310)	(38,041)
Profit (loss) par share	€	(0.006)	(0.063)	(0.028)

Profit (loss) per share is calculated by dividing the economic and financial result by the average number of shares in circulation throughout the period in question.
Pursuant to IAS 33, there was no dilutive effect on profit (loss) per share, since the market value of ordinary shares in SEAT Pagine Gialle S.p.A. for the period was decidedly lower than the strike price of the outstanding options as at 31 December 2009 and 30 June 2009.

19. Net financial debt

As at 30 June 2010 this was structured as follows

(euro/thousand)	At 30.06.2010	At 31.12.2008 restated	Change	Note
Net financial debt	**2,734,975**	**2,762,782**	**(27,807)**	
Transaction costs on loans and securitisation program not yet amortised	(69,589)	(56,403)	(13,186)	
Net market value of "cash flow hedge" instruments	23,372	22,485	887	
Net financial debt - "book value"	**2,688,758**	**2,728,864**	**(40,106)**	
of which:				
- Non-current financial debts to third parties	*1,562,069*	*1,125,960*	*436,109*	*(a)*
- Non-current financial debts to associates	*1,272,803*	*1,270,052*	*2,751*	*(a)*
- Current financial debts to third parties	*166,944*	*597,948*	*(431,004)*	*(b)*
- Current financial debts to associates	*30,920*	*30,901*	*19*	*(c)*
- Non-current financial assets (*)	*(1,964)*	*(2,088)*	*124*	
- Current financial assets	*(5,022)*	*(1,918)*	*(3,104)*	*(d)*
- Cash and cash equivalents	*(336,992)*	*(291,991)*	*(45,001)*	*(e)*

(*) This item, described in note 11 of this Note, does not include financial assets available for sale.

Net financial debt totalled € 2,734,975 thousand as at 30 June 2010, and decreased by € 27,807 thousand compared to 31 December 2009 thanks to the cash flow generated by operations despite the combined effects of greater interest expense and transaction costs of the new Senior Secured Bond.
This differs from the net financial debt - "book value" (described below) since it is recorded "gross" of costs incurred on *i)* transaction costs relating to the medium and long-term Senior debt with The Royal Bank of Scotland plc Milan Branch, *ii)* the Subordinated loan due to Lighthouse International Company S.A., *iii)* the Senior Secured Bond issue and *iv)* the launch of the securitisation program of trade receivables. These costs, net of accumulated amortisation, totalled € 69,589 thousand as at 30 June 2010.
Net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place on the reference date of this report or, if already closed early, cash flow hedge instruments that will become effective in subsequent periods. As at 30 June 2010 this value amounted in total to net liabilities of € 23,372 thousand (€ 22,485 thousand as at 31 December 2009).
The various items that make up the net financial debt – "book value" are described below.

a) Non-current financial debts

These can be broken down as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009	Change
Debts due to The Royal Bank of Scotland Plc Milan Branch (gross value)	*803,757*	*838,953*	*(35,196)*
less transaction costs	*(24,991)*	*(26,026)*	*1,035*
Debts due to The Royal Bank of Scotland Plc Milan Branch (net value)	778,766	812,927	(34,161)
Debts due to bondholder (Senior Secured Bond)	*537,253*	*-*	*537,253*
less transaction costs	*(17,124)*	*-*	*(17,124)*
Debts due to Bondholders (Senior Secured Bond - net value)	520,129	-	520,129
Asset backed securities (gross value)	*206,000*	*256,000*	*(50,000)*
less transaction costs	*(277)*	*(429)*	*152*
Asset backed securities (net value)	205,723	255,571	(49,848)
Debt due to Leasint S.p.A.	50,789	52,067	(1,278)
Debts due to other lenders	10	21	(11)
Negative non-current adjustments to the financial asset/liability hedging contracts	6,652	5,374	1,278
Total non-current financial debts to third parties	**1,562,069**	**1,125,960**	**436,109**
Debts due to Lighthouse International Company S.A. (gross value)	*1,300,000*	*1,300,000*	*-*
less transaction costs	*(27,197)*	*(29,948)*	*2,751*
Debts due to Lighthouse International Company S.A. (net value)	1,272,803	1,270,052	2,751
Total non-current financial debts	**2,834,872**	**2,396,012**	**438,860**

Non-current financial debts to third parties

- *Non-current debts to The Royal Bank of Scotland Plc Milan Branch* totalled € 803,757 thousand as at 30 June 2010 (€ 778,766 net of transaction costs not yet amortised). Including the current portion (€ 70,324 thousand), the facilities with The Royal Bank of Scotland Plc Milan Branch totalled € 874,081 thousand as at 30 June 2010 (€ 1,416,346 thousand as at 31 December 2009) structured as follows:
  - tranche A (€ 409,537 thousand), repayable in accordance with the amortisation plan with non-constant six month instalments until June 2012 and bearing a floating interest rate p.a. equal to Euribor plus a spread, which increased by 75 basis points p.a. to 3.19% p.a. following the agreement to issue the Senior Secured Bond;
  - tranche B (€ 464,544 thousand), repayable with a single instalment in June 2013, subject to a variable interest rate equal to Euribor plus a spread, which increased by 75 basis points p.a. to 3.76% p.a. following the agreement to issue the Senior Secured Bond;
  - a revolving credit line of € 90,000 thousand, at the moment unused, designed to cover any working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, available until May 2012, bearing a floating interest rate p.a. equal to that applicable to tranche A. Non-usage fee of 0.56% p.a. is charged on the temporary non-used commitments.

In the first half of 2010 the Company repaid a total of € 542,265 thousand, of which € 507,136 thousand was repaid at the end of January in relation to the instalments of tranche A due in 2010, 2011 and 2012 using the proceeds of the Senior Secured Bond issue, and € 35,129 thousand was repaid at the end of February by way of early repayment of the remaining instalment of tranche A, contractually due in June 2010.

- *Debts due to Senior Secured bondholders* totalled € 520,129 thousand, net of € 17,124 thousand for transaction costs not yet amortised at the end of the period. The Senior Secured Bond, maturing on 31 January 2017, was issued for a nominal amount of € 550,000 thousand at a price of € 0.975998, with a nominal rate of 10.5% to be paid half-yearly at the end of January and the end of July each year (first instalment due at the end of July 2010). The yield at issue of the bond was 11% p.a. due to the issue discount of € 13,201 thousand. The issue discount accrued as at 30 June 2010 was € 454 thousand.

- *Asset-backed securities* worth € 205,723 thousand as at 30 June 2010, net of transaction costs (€ 277 thousand) and the current portion (€ 50,000 thousand). They were issued for a gross value of € 256,000 thousand by the special purpose entity, Meliadi Finance S.r.l., to finance the acquisition on a revolving basis of receivables portfolios sold by SEAT Pagine Gialle S.p.A. to the special purpose entity within the context of the five-year securitisation program of its trade receivables, which was launched in June 2006. These securities, which are backed by the receivables portfolio subject to securitisation, were subscribed through private placement with an institutional investor. They are due to mature in 2014 and will be repaid through the collection of receivables sold in the event of the securitisation program is not renewed. The securities bear variable interest at rates applicable to three-month commercial papers, with a cap equal to the corresponding three-month Euribor rate plus 5 basis points. To support the securitisation program, two one-year credit lines have been arranged and are currently extended until June 2011.
  The early repayment of € 50,000 thousand of the € 256 million of asset-backed securities issued by the special purpose entity, Meliadi Finance S.r.l., was carried out in the first half of 2010, with effect on 15 July 2010. This transaction had to be carried out because it was no longer possible to fully collateralise obligations on a revolving basis due to the reduction in securitisable invoicing volumes over the last two years, meaning cash collateral needed to be maintained within the special purpose entity.
  SEAT Pagine Gialle S.p.A. will make a saving of around € 1 million in interest expense for the period from 15 July 2010 to 15 June 2011 thanks to this transaction.

- *Debts due to Leasint S.p.A.,* totalling € 50,789 thousand as at 30 June 2010, relate to the seven financial leasing contracts (six contracts with effect from December 2008 and one with effect from the end of October 2009) in relation to the purchase of the Turin property complex of SEAT Pagine Gialle S.p.A.. These contracts will be repaid through the payment of 54 remaining instalments on the contracts with effect from December 2008 and 58 remaining instalments on the contract with effect from October 2009. All instalments are quarterly deferred instalments subject to a variable interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a.. The residual value is fixed at around 1% of the value of the property complex.

- *Negative non-current adjustments to the financial asset/liability hedging contracts* arising from the valuation at fair value of cash flow hedge instruments totalled € 6,652 thousand as at 30 June 2010 (€ 5,374 thousand as at 31 December 2009).

Non-current financial debts to related parties

Non-current financial debts to related parties refer to the Subordinated loan due to Lighthouse International Company S.A. (in which the Group holds a 25% stake). This loan totalled € 1,272,803 thousand as at 30 June 2010 (€ 1,270,052 thousand as at 31 December 2009 *restated*) net of € 27,197 thousand for transaction costs not yet amortised at the end of the period. The ten-year loan is due to mature in 2014 and is subject to a fixed interest rate of 8% p.a..

b) Current financial debts to third parties

Current financial debts to third parties totalled € 166,944 thousand as at 30 June 2010 (€ 597,948 thousand as at 31 December 2009) and can be broken down as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009	Change
Current portion of the non-current financial debt	123,146	580,343	(457,197)
Debts for interest expense accrued but not paid	25,507	1,359	24,148
Other financial debts	9,956	8,402	1,554
Liabilities adjustments instruments "cash flow hedges"	8,335	7,844	491
Total current financial debts to third parties	**166,944**	**597,948**	**(431,004)**

This item includes:

- € 123,146 thousand relating to the current portion of non-current financial debt, mainly relating to the facilities agreement as at 30 June 2010 due to mature in December 2010 and June 2011 (€ 70,324 thousand), asset-backed securities with early repayment in July 2010 (€ 50,000 thousand) and the facilities with Leasint S.p.A. (€ 2,786 thousand);
- € 25,507 thousand relating to debts for interest expense accrued but not yet paid, including € 24,383 thousand relating to the Senior Secured Bond and € 895 thousand relating to the *asset-backed securities* issued by the special purpose entity, Meliadi Finance S.r.l.;
- € 9,956 thousand relating to other financial debts, including € 7,972 thousand relating to debts for cash flow hedge instruments for which payment has been deferred until the end of December 2010;
- € 8,335 thousand relating to net liabilities (current portion) arising from the valuation at fair value of the cash flow hedge instruments in place as at 30 June 2010 (€ 7,844 thousand as at 31 December 2009).

The Company also has a committed short-term credit line of € 30,000 thousand, which has not been drawn down as yet, extended until 31 March 2011. The credit line will be subject to a margin of 5% p.a. on the benchmark Euribor rate in the event of draw-dawn and, in case of non-utilisation charges will be 2% p.a..

c) Current financial debts to associates

Financial debts to associates, which totalled € 30,920 thousand as at 30 June 2010 (€ 30,901 thousand as at 31 December 2009) include:

- *current financial debts* to associate companies worth € 17,375 thousand as at 30 June 2010 (remaining unchanged compared to 31 December 2009) relating to debt for interest expense accrued but not yet paid on the fixed-rate loan with Lighthouse International Company S.A.;
- *debts due to companies with significant influence* over SEAT Pagine Gialle S.p.A. (leading shareholders) worth € 13,545 thousand as at 30 June 2010, in relation to dividends distributed but not yet collected at the end of the period, on which, in accordance with agreements signed, in connection with the failure to exercise the right of payment of the dividends, interest accrued at a rate of 6% p.a. in the period from 1 November 2008 to 15 June 2009 and subsequently at a rate of 3.8% p.a. until 24 August 2009. From this date onwards the applicable rate was equal to three-month Euribor minus a spread of 0.4% p.a.. Debts for interest accrued, which totalled € 619 thousand as at 30 June 2010. This debt is due to expire in the second half of 2010.

d) Current financial assets

Current financial assets totalled € 5,022 thousand as at 30 June 2010 (€ 1,918 thousand as at 31 December 2009) including € 1,515 thousand relating to credit positions and cash flow hedge instruments in place with Lehman Brothers (USA) at the time of its default and declaration of Chapter 11 bankruptcy. These items were written down in relation to their presumed realisable value.

e) Cash and cash equivalents

Cash and cash equivalents increased by € 45,001 thousand compared to 31 December 2009, and can be broken down as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009	Change
Bank deposits	336,142	290,870	45,272
Postal deposits	816	1,048	(232)
Cash on hand	34	73	(39)
Total cash and cash equivalents	**336,992**	**291,991**	**45,001**

Cash and cash equivalents totalled € 336,992 thousand as at 30 June 2010, including € 136,849 thousand of bank deposits for the special purpose entity, Meliadi Finance S.r.l. (€ 118,004 thousand as at 31 December 2009) resulting from collections of the receivables sold by SEAT Pagine Gialle S.p.A. as part of its securitisation program.
In case of use, this cash is subordinated to the payment of the special purpose entity's payables.

20. Guarantees provided, main commitments and contractual rights

The obligations arising from the facilities with The Royal Bank of Scotland Plc Milan Branch are secured, among other things, by pledges over shares in SEAT Pagine Gialle S.p.A. and other companies of the SEAT Pagine Gialle group, a pledge over the main proprietary trademarks of the SEAT Pagine Gialle group, and a special lien on certain capital goods of SEAT Pagine Gialle S.p.A., as well as a fixed and floating charge under English law on assets of TDL Infomedia and Thomson. These same guarantees, with the exception of the special lien on capital goods of SEAT Pagine Gialle S.p.A., also serve to secure the obligations arising from the Senior Secured Bond issued by SEAT Pagine Gialle S.p.A. in January 2010. The obligations arising from the indenture governing the notes (bonds) issued by Lighthouse International Company S.A. in 2004 and secured by SEAT Pagine Gialle S.p.A. are secured, among other things, by a junior pledge over shares in SEAT Pagine Gialle S.p.A..
As regards the asset-backed securities issued by the special purpose entity, Meliadi Finance S.r.l., as part of the securitisation of trade receivables of SEAT Pagine Gialle S.p.A. launched in June 2006, the obligations relating to these are secured by the portfolio of receivables being securitised owned by Meliadi Finance S.r.l.. The obligations relating to the leasing contracts signed between SEAT Pagine Gialle S.p.A. and Leasint S.p.A. are secured by the leased properties owned by Leasint S.p.A., which may, in the event of default by SEAT Pagine Gialle S.p.A., obtain satisfaction by selling the properties themselves.
Furthermore, SEAT Pagine Gialle S.p.A. has given guarantees worth € 350,000 thousand in connection with any additional costs relating to the facilities granted by Lighthouse International Company S.A. pertaining to the proceeds of the bond issued by the latter in 2004. SEAT Pagine Gialle S.p.A. may have to pay an additional sum to Lighthouse International Company in future, by way of interest expense, for a maximum amount of € 3.4 million pursuant to its commitment in the facilities agreement to hold Lighthouse International Company S.A. harmless from any additional amount paid by the latter in relation to the 2004 bond or for any expense incurred by the latter which reduces the net amount of its interest income from the facilities. No provisions were made to the reserve for risks in relation to this matter, since it is considered unlikely that the aforementioned financial expense will occur.
The facilities agreement with The Royal Bank of Scotland Plc Milan Branch requires that SEAT Pagine Gialle S.p.A. comply with specific financial covenants, which are monitored quarterly and relate to the maintaining of certain ratios between *i)* net debt and EBITDA; *ii)* EBITDA and interest on debt; *iii)* cash flow and debt service (including interest and capital payable in each reference period).
As is customary for transactions of this kind, the aforementioned facilities agreement also governs other aspects by establishing limits and operating conditions, including investments and the possibility of recourse to additional debt, making acquisitions, distributing dividends and carrying out capital transactions. Similar provisions are also contained in the two indentures under US law which respectively govern the notes (bonds) issued by Lighthouse International Company S.A. in 2004 and secured by SEAT Pagine Gialle S.p.A., and the notes issued by SEAT Pagine Gialle S.p.A. in January 2010.
SEAT Pagine Gialle S.p.A. constantly monitors current and future compliance with all the conditions of the aforementioned agreements.
The outcome of the checks on the financial covenants and compliance with all the obligations imposed by the aforementioned agreements as at 30 June 2010 (the date of this report) was positive.

In the event adverse market and/or business conditions for the Company should cause breach of the financial covenants with The Royal Bank of Scotland Milan Branch at a reference date, The Royal Bank of Scotland Milan Branch could rescind the facilities agreement immediately, causing all or any financing already drawn down (including interest due but not paid yet payable and all other amounts due to the Bank under the agreement) to become immediately payable. This could force SEAT Pagine Gialle S.p.A. to seek funds on the market to repay its debt and would allow The Royal Bank of Scotland Milan Branch to call on the security given for the facility if SEAT Pagine Gialle S.p.A. is unable to pay its debt. The position could be remedied only by waiver on the part of The Royal Bank of Scotland Plc Milan Branch of its rights with respect to such breach and, if necessary, by adjusting of the financial covenants contained in the facilities agreement.

In line with the statements set out above, and in light of the market context, in order to retain a sufficient liquidity margin and to manage the refinancing of Senior debt proactively, given the extremely high repayments scheduled for 2012 and 2013, many actions have been taken to protect the Group's economic and financial position and cash flow while at the same time meeting the commitments given under the facilities agreement with The Royal Bank of Scotland Plc Milan Branch.

The first few months of 2009 saw the completion of the Company's capital increase, launched at the end of December 2008, while at the end of 2009 the Company launched a Senior Secured Bond issue, which was completed in January 2010. More details on this transaction can be found in the "Report on operations, in the section Main events of the first half of 2010".

At the end of April 2009, when the capital increase was completed, some amendments to the Senior facilities agreement came into effect, in particular:

- the restatement of the financial covenants and certain economic-financial ratios provided for by the 2005 Senior facilities agreement;
- a commitment by SEAT Pagine Gialle S.p.A. to not distribute dividends until the net financial debt to EBITDA ratio is greater than 4;
- a commitment by SEAT Pagine Gialle S.p.A. to: *i)* use 50% of the proceeds of the capital increase to make a voluntary pro-rata early repayment of instalments of tranche A Senior debt, which took place on 28 April 2009, and *ii)* increase the margins applicable to Euribor with reference to credit lines of the Senior facilities agreement by 75 basis points p.a. until the end of 2010.

When authorisation was obtained from The Royal Bank of Scotland Plc Milan Branch and, therefore, the Senior secured bond issue was completed, at the end of January 2010, the amendments to the Senior facilities agreement took effect. These involved the restatement of the financial covenants and certain economic-financial ratios provided for by the agreement, as well as the commitment by SEAT Pagine Gialle S.p.A. to: *i)* use the proceeds from the transaction to make a voluntary pro-rata early repayment of instalments of tranche A Senior debt; *ii)* increase the margins applicable to Euribor with reference to the Senior facilities by 75 basis points p.a. from the effective date of the Senior secured bond issue (28 January 2010). These margins were therefore increased to 3.19% for tranche A and the revolving credit line and to 3.76% p.a. for tranche B.

21. Information on financial risks

Market risk

In the normal course of business, the SEAT Pagine Gialle group is subject to interest rate risk and exchange rate risk. These market risks concern in particular the debt due to The Royal Bank of Scotland Plc Milan Branch, the debt arising from the issue of asset-backed securities by the special purpose entity, Meliadi Finance S.r.l., as part of the securitisation program, the debts due to Leasint S.p.A., the leasing company, and receivables and payables in foreign currency (particularly sterling).

The SEAT Pagine Gialle group constantly monitors the financial risks to which it is exposed, in order to assess the potential negative effects of these risks in advance and take appropriate action to mitigate them. These risks are managed through the use of derivatives, in line with the Group's risk management policies. Within the framework of these policies, the use of derivatives is reserved for managing exposure to fluctuations in exchange rates and interest rates related to cash flows and assets and liabilities. No speculative transactions are carried out.

Financial market risk policy of the SEAT Pagine Gialle group

This policy provides for:

- constant monitoring of the level of exposure to interest rate risk and exchange rate risk, and assessment of the maximum levels of risk exposure;
- the use of cash flow hedge instruments to manage these risks and not for speculative purposes;
- constant assessment of the level of reliability of financial counterparties in order to minimise non-performance risk. All cash flow hedge instruments are entered into with leading financial and banking institutions. In the event that the counterparty is a subsidiary company, the transaction is carried out under market conditions.

Hedging instruments on interest rate risks

The Senior debt with The Royal Bank of Scotland plc Milan Branch, as well as the debt arising from the issue of asset-backed securities by the special purpose entity, Meliadi Finance S.r.l., for the securitisation program and the debt due to Leasint S.p.A., is subject to a variable interest rate based on Euribor. Therefore, of the € 3,021 million of facilities in place as at 30 June 2010, € 1,184 million was subject to a variable interest rate. In order to limit its exposure to interest rate risk, SEAT Pagine Gialle S.p.A. also created derivative hedge instruments against interest rate risk with leading international financial operators.

To determine the market value of the derivatives, SEAT Pagine Gialle S.p.A. referred to valuations provided by independent organisations (banks and financial institutions). When calculating their estimates, these institutions used data observed directly on the market (interest rates) or indirectly (interpolation curves for directly observed interest rates). Consequently, for the purposes of IFRS 7, the fair value used by the Company to value the derivative hedge instruments in place at the end of the period comes under *level 2* of the fair value hierarchy.

The market value of *Interest Rate Swaps* (IRSs) and forward rate agreements (FRAs) is the current value of the difference between fixed-rate interest payable and/or receivable and interest valued using the market rate curves applicable upon the maturities of the derivative contracts.

IRSs and FRAs involve, or may involve, the exchange of interest rate payments calculated using the notional value of the derivative at a fixed or variable rate on the maturity dates agreed between the parties. The notional value is not the amount exchanged between the parties, and therefore is not a measure of exposure to credit risk, which is the difference between the interest rates swapped on the settlement dates.

The market value of *Interest Rate Collars* is the difference between the price payable to buy back floor options and the price receivable for reselling cap options. The price of these options is calculated using interest rates forecast on maturity, strike price at each maturity and interest rate volatility.

As at 30 June 2010, the following derivative hedge instruments were in place:

a) *Interest Rate Swaps* (negative fair value of € 8,785 thousand) for January 2011 to December 2011, with variable six-month Euribor replaced by an average 2.91% fixed rate on a notional value of € 540 million, hedging Senior debt;
b) *Interest Rate Collars* (negative fair value of € 4,763 thousand) for January 2011 to December 2011, subject to variable six-month Euribor with an average cap of 4.10% and an average *floor* of 3.23% on a notional value of € 250 million, hedging Senior debt;
c) *Interest Rate Swap* (negative fair value of € 479 thousand) for mid-July 2010 to April 2011, hedging part of the interest on the securitisation program, with variable three-month Euribor replaced by a fixed rate of around 1.85% on a notional value of € 75 million, hedging debt due under the securitisation program;
d) *Interest Rate Swap* (negative fair value of € 960 thousand) for September 2010 to December 2011, hedging part of the interest on the financial leasing, with variable three-month Euribor replaced by a 3.60% fixed rate on a notional value of € 30 million, hedging debt due under the leasing transaction.

With reference to the second half of 2010, 70% of the total debt is protected from interest rate risk: around 66% is protected through fixed-rate debt and 4% through Interest *Rate Swap transactions*. This hedging is considered to be sufficient in view of the performance of short-term rates.
With reference to the 2011-2013 period, the hedging in place as at 30 June 2010 provides average protection of around 80% of the debt expected to be in place in the period, with 70% pertaining to fixed-rate debt, 7% to *Interest Rate Swap transactions* and 3% to *Interest Rate Collar* transactions.
As regards the 2014-2015 period, around 92% of the total expected debt will be fixed-rate debt.

Risk from high levels of financial debt

As at 30 June 2010 the SEAT Pagine Gialle group presented a high level of debt, characterised by financial leverage equal to around five times its EBITDA. Due to the amendments made to the repayment plan for the Senior debt due to The Royal Bank of Scotland plc Milan Branch following the Senior Secured Bond issue in January 2010, the average life of loans in place as at 30 June 2010 was 3.9 years and the financial instruments in place had the following maturity dates

	due						Total
(euro/thousand)	**30.06.2011**	**30.06.2012**	**30.06.2013**	**30.06.2014**	**30.06.2015**	**Oltre**	
Senior Secured Bond	-	-	-	-	-	537,253	537,253
The Royal Bank of Scotland Plc Milan Branch	70,324	339,213	464,544	-	-	-	874,081
Lighthouse International Company S.A.	-	-	-	1,300,000	-	-	1,300,000
Asset-backed securities (*)	50,000	-	-	206,000	-	-	256,000
Debts due to Leasint S.p.A.	2,786	2,931	3,089	3,253	3,425	38,091	53,575
Debts due to other lenders	36	10	-	-	-	-	46
Total financial debt (gross value)	**123,146**	**342,154**	**467,633**	**1,509,253**	**3,425**	**575,344**	**3,020,955**

(*) The 5-year securitisation program expires in June 2011. If it is not renewed at that time by SEAT Pagine Gialle S.p.A., the Asset-backed securities issued, which mature in 2014, will be repaid by the collection of the receivables assigned.

If as a result of market conditions or other circumstances SEAT Pagine Gialle S.p.A. is unable to find sufficient financial resources to fulfil its financial obligations on the maturity dates and subject to the terms and conditions provided for, or, more generally, if other obligations provided for by the aforementioned financial agreements are not fulfilled, or in the event of insolvency proceedings or non-fulfilment of obligations arising from any other debt instrument or guarantee of SEAT Pagine Gialle S.p.A. or a company of the SEAT Pagine Gialle group, the sums granted must be repaid early and in full, together with the interest accrued and any other sums due pursuant to such agreements, with consequent negative effects on the business and the economic and financial position of the Company and the SEAT Pagine Gialle group.

Liquidity risk - obtaining of financial resources

Liquidity risk is the risk that the financial resources available may be insufficient to cover the short-term liabilities due, totalling € 123,146 thousand (€ 50,000 relating to Asset-backed securities, repaid prior to the reference date of this report) by 30 June 2011. Since its business is characterised by low volatility and strong cash flow levels, and due to available credit lines worth a total of € 120 million, the SEAT Pagine Gialle group is considered to have sufficient financial resources to meet its commitments.
After 30 June 2011, SEAT Pagine Gialle S.p.A. will have to repay considerable sums within the context of the facilities in place. The Group's financial resources may prove insufficient to meet these commitments, meaning that the Group will have to have recourse to new financing.
From 2008 onwards, the financial crisis triggered by obligations linked to *subprime* loans and the significant impact of the crisis on all financial institutions has caused a generalised and growing risk aversion among investors, resulting in an increase in credit default swap spreads and a sharp decline in the performance of high-yield securities in particular.
Consequently, if for any reason SEAT Pagine Gialle S.p.A. is unable of generating sufficient financial resources to fulfil its financial obligations and has to renegotiate the terms and conditions of its financial obligations prior to maturity or has to seek the resources necessary for repayment on the bank and/or financial market, it might not manage to raise the resources or it might raise them under terms and conditions that may be more expensive than the current terms and conditions, with consequent negative effects on the economic and financial structure of the Group.
Such difficulty in raising financial resources could occur if the rating assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's is downgraded.
The ratings reflect the agencies' assessment of the probability of default by the Company and are the result of an analysis of *i)* the Group's prospects in terms of profitability, cash flow generation and debt sustainability and *ii)* expected market situations. In the last quarter of 2009 the ratings assigned by the aforementioned agencies were lowered from BB- to B and from B1 to B2 respectively. These ratings were confirmed at the reference date of this report.
A further downgrading of the Company's rating could hinder its ability to sell receivables to the special purpose entity, pursuant to the contractual provisions governing the securitisation program. If necessary, receivables that can no longer be sold due to the downgrading may be financed using alternative methods, but these may be more expensive than the current securitisation costs in current market conditions. However, the SEAT Pagine Gialle group may compensate for any difficulties in securing alternative methods of financing by using its own cash resources and the aforementioned € 120 million available credit line.

Impact of "change of control" on the facilities agreements in place (article 123-bis, letter I of Legislative Decree No. 58/1998)

There is no change compared to the statements made in the consolidated financial statements as at 31 December 2009.

Credit risk

There is no change compared to the statements made in the consolidated financial statements as at 31 December 2009.

Tax risks

On 15 March 2010, the Milan tax police (Guardia di Finanza) concluded the tax inspection begun in February 2009 and issued a report challenging tax deductions made in respect of interest payable on debts assumed by the Company in 2004, as well as the amortisation applied to the customer database, in relation to operations carried out in 2003-2004 in connection with the acquisition of the Company in 2003.
The Company is confident that it has always complied with the applicable regulations in respect of the aforementioned transactions, and therefore believes the challenges to be unfounded. This belief has been corroborated by the assessments made by the Company's own advisers.
Moreover, in light of the content of the report, the Company does not believe it is possible to determine the scale of any potential tax liability that may arise once the procedure has been concluded.
Consequently, the Company has not made any provisions for risks and charges relating to tax in the first half of 2010 because the circumstances requiring a provision to be made under the relevant accounting principles do not apply.

22. Non-current reserves to employees

These can be broken down as follows

	1st half year 2010					1st half year 2009
(euro/thousand)	Net liabilities for defined benefit pension plans	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
Balance at beginning of the period	**20,213**	**20,742**	**1,841**	**100**	**42,896**	**34,767**
Provisions	34	-	2,721	75	2,830	3,739
Contributions	(2,695)	-	229	-	(2,466)	(3,408)
Benefits paid/received	-	(1,871)	(3,191)	-	(5,062)	(5,433)
Discounting losses	781	464	-	-	1,245	2,837
Expected return on plan assets	(16)	-	-	-	(16)	(2,128)
Actuarial losses (gains) recognised to equity	1,203	917	-	-	2,120	4,692
Foreign exchange adjustments and other adjustments	1,594	(319)	(72)	-	1,203	2,131
Balance at end of the period	**21,114**	**19,933**	**1,528**	**175**	**42,750**	**37,197**

The figures for pension plans, payables to employees and related costs in the statements of operations were determined based on valuations carried out by an independent expert using the Projected Unit Method, in accordance with the provisions of IAS 19.

Net liabilities for defined benefit pension plans

Net liabilities for defined benefit pension plans totalled € 21,114 thousand as at 30 June 2010 (€ 20,213 thousand as at 31 December 2009). They are recorded net of assets (€ 38,474 thousand) designated to finance these pension plans (€ 59,588 thousand). Almost all of this amount refers to the TDL Infomedia group pension plan.
Throughout 2009 a series of measures was taken to reduce the risk of future costs connected to the management of the defined benefit pension plan for employees of the TDL group (Thomson pension fund). Some of the rules governing how the pension plan works were altered, removing the final salary link and introducing an enhanced transfer value program to encourage employees to transfer from the Thomson pension fund to pension plans outside of the TDL Infomedia group chosen by the beneficiaries themselves. This program offers

members an incentive which, at the choice of the individual member, may be either added to the sum transferred to another pension fund or paid out immediately when the transfer is made. At the end of 2009 more than 50% of employees had taken advantage of the enhanced transfer value scheme. This program was continued throughout the first half of 2010.
As a result of changes made in the first half of 2010 to the methods of calculating benefits paid to members (curtailment), non-recurring income of € 101 thousand was recorded. At the same time, € 1,024 thousand of non-recurring costs were recorded at the end of the first half of 2010 in connection with incentives paid for signing up to the enhanced transfer value program.
Actuarial losses of € 1,203 thousand were also recorded in the first half of 2010. Pursuant to IAS 19, paragraph 93A, the losses were recognised directly to equity, net of tax effect.

Reserve for severance indemnities

The *reserve for severance indemnities*, which totalled € 19,933 thousand as at 30 June 2010 (€ 20,742 thousand as at 31 December 2009) is considered a defined benefit plan and was valued in accordance with the provisions of IAS 19. Following the reform of the supplementary pensions system introduced by Legislative Decree No. 252 of 5 December 2005, the reserve for severance indemnities was converted from a defined benefit plan into a defined contribution plan from 1 January 2007. Consequently, the debt recorded in the financial statements represents liabilities for defined benefit plans (valued using IAS 19 criteria) for employees relating to benefits given up to 31 December 2006.

23. Share-based payment

The stock option plans in place as at 30 June 2010 are recorded in the financial statements in accordance with the provisions of IFRS 2.

Beneficiaries (euro/thousand)	Grant date	Number of granted options	Number of expired options	End of the vesting period	Strike price (euro)	Number of exercised options	Number of not exercised options	Number of outstanding options at 30.06.2010	Fair value	*of which accrued in the first half year of* 2010
2004 stock option plans										
Employees of SEAT PG group	07.06.2004	296,325	(2,250)	30.09.2005	66.82	(214,625)	(79,450)	-	5,590	-
Employees of SEAT PG group	30.06.2004	24,500	(4,000)	30.09.2005	66.82	(9,500)	(11,000)	-	400	-
TDL Infomedia group	30.06.2004	50,000	(3,125)	30.09.2005	66.82	(35,975)	(10,900)	-	922	-
Chief Executive Officier	25.11.2004	25,000	-	30.09.2005	66.82	-	(25,000)	-	400	-
2005 stock option plans										
Employees of SEAT PG group	08.04.2005	337,000	(9,750)	30.09.2006	64.42	(172,275)	(154,975)	-	5,633	-
Employees of SEAT PG group	04.11.2005	8,000	-	30.09.2006	78.3	-	(8,000)	-	200	-
TDL Infomedia group	04.11.2005	46,675	(3,375)	30.09.2006	64.42	(36,450)	(6,850)	-	745	-
Chief Executive Officier	08.04.2005	25,000	-	30.09.2006	64.42	-	(25,000)	-	498	-
Total		**812,500**	**(22,500)**			**(468,825)**	**(321,175)**		**14,388**	
2005 Telegate's stock option plans										
Directors and employees	12.05.2005	293,000	(43,500)	12.05.2007	14.28	(240,500)	-	9,000	467	-
Directors and employees	01.06.2006	400,000	(133,850)	01.06.2008	16.09	-	-	266,150	607	-
Directors and employees	01.06.2008	319,000	(31,500)	01.06.2010	11.01	-	-	287,500	426	*61*
Total		**1,012,000**	**(208,850)**			**(240,500)**		**562,650**	**1,500**	*61*
Total for the SEAT PG group		**1,824,500**	**(231,350)**			**(709,325)**	**(321,175)**	**562,650**	**15,888**	*61*

Costs for stock options of € 61 thousand (€ 105 thousand in the first half of 2009) are included in the statements of operations under non-recurring costs.
The options under the “2005 stock option plan for SEAT Pagine Gialle group employees”, “2005 stock option plan for TDL group employees" and “2005 stock option plans for the CEO” expired in the first half of 2010.

24. Other non-current liabilities

Other non-current liabilities totalled € 25,173 thousand as at 30 June 2010 (€ 29,827 thousand as at 31 December 2009) and can be broken down as follows

	1st half year 2010					1st half year 2009
(euro/thousand)	Reserve for sale agents' termination indemnities	Reserve for operating risks and charges	Reserve for restructuring expenses	Other non-operating liabilities	Total	Total
Balance at beginning of the period	**23,186**	**798**	**4,915**	**928**	**29,827**	**26,170**
Provision	2,461	9	-	-	2,470	8,423
Utilisation/repayment	(3,010)	(51)	(208)	-	(3,269)	(1,651)
Reversal to the statements of operations	-	-	-	-	-	(189)
Discounting losses (gains)	429	4	63	30	526	(151)
Other movements	378	-	(4,759)	-	(4,381)	14
Balance at end of the period	**23,444**	**760**	**11**	**958**	**25,173**	**32,616**

As at 30 June 2010 non-current reserves were discounted, taking into consideration expected future cash flows, using the pre-tax discount rate that reflects the current market valuation of the cost of money over time. The increase due to the passage of time and changes in the discount rate applied was recorded as interest expense (€ 526 thousand).
The *reserve for sale agents' termination indemnities* totalled € 23,444 thousand as at 30 June 2010, represents the debt due at the end of the period to active sales agents for the indemnities owed to them in the event of termination of the agency contract, as provided for by current legislation.
The *reserve for restructuring expenses (non-current portion),* totalling € 11 thousand, was reduced in the first half of 2010 due to the short-term reclassification of the portion of the reserve relating to the Parent Company. This reserve should be considered in conjunction with the current portion of the reserve for restructuring expenses.

25. Reserve for (operating and non-operating) current risks and charges

This can be broken down as follows

	1st half year 2010				1st half year 2009
(euro/thousand)	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the period	**15,575**	**19,900**	**14,453**	**49,928**	**52,460**
Provisions	4,610	849	4,350	9,809	11,796
Utilisations	(6,416)	(2,658)	(8,098)	(17,172)	(13,324)
Reversal to the statements of operations	-	(5,556)	(131)	(5,687)	(926)
Other movements	-	(456)	4,837	4,381	16
Balance at end of the period	**13,769**	**12,079**	**15,411**	**41,259**	**50,022**

The reserve for current risks and charges totalled € 41,259 thousand as at 30 June 2010, down by € 8,669 thousand compared to 31 December 2009. It can be broken down as follows:

- the *reserve for commercial risks* totalled € 13,769 thousand as at 30 June 2010, covers any costs incurred due to failure to properly perform contractual services in respect of PAGINEGIALLE® and PAGINEBIANCHE®;
- *reserves for contractual and other operating risks*, totalled € 12,079 thousand as at 30 June 2010 (€ 19,900 thousand as at 31 December 2009) include € 4,277 thousand relating to pending litigations with agents and employees, and € 3,917 thousand relating to legal disputes;
- *non-operating reserves (current portion)* totalled € 15,411 thousand as at 30 June 2010 (€ 14,453 thousand as at 31 December 2010). This includes € 7,733 thousand relating to *reserves for restructuring expenses (current portion)*, of which € 8,070 thousand was used in the first half of 2010 as a result of the restructuring plans in place as at 31 December 2009 in SEAT Pagine Gialle S.p.A. and Europages S.A.. This reserve should be considered in conjunction with the non-current portion of the reserve for restructuring expenses.
  The item also includes a reserve to cover tax consultancy expenses allocated to SEAT Pagine Gialle S.p.A..

26. Trade payables and other current liabilities

Trade payables and other current liabilities can be broken down as follows

(euro/thousand)	**At 30.06.2010**	**At 31.12.2009**	**Change**
Payables due to suppliers	130,219	149,439	(19,220)
Payables due to sales agents	35,941	46,874	(10,933)
Payables due to employees	18,576	21,161	(2,585)
Payables due to social security institutions	10,675	10,541	134
Payables due to other	600	932	(332)
Total trade payables	**196,011**	**228,947**	**(32,936)**
Payables for services to be rendered	137,842	57,038	80,804
Advances from customers	3,069	5,194	(2,125)
Deferred income and other liabilities	29,586	38,261	(8,675)
Total payables for services to be rendered and other current liabilities	**170,497**	**100,493**	**70,004**

All trade payables have a maturity of less than 12 months.
To be more specific:

- *payables to suppliers* totalled € 130,219 thousand as at 30 June 2010 (€ 149,439 thousand as at 31 December 2009) fell by € 19,220 thousand compared to 31 December 2009. This change reflects a lower purchase volume than in the previous period;
- *payables to sales agents* totalled € 35,941 thousand as at 30 June 2010 (€ 46,874 thousand as at 31 December 2009) should be considered in conjunction with the item "Advances on sales commission", recorded under "Other current assets", that amounted to € 46,608 thousand as at 30 June 2010 (€ 47,113 thousand as at 31 December 2009);
- *payables for services* to be rendered totalled € 137,842 thousand as at 30 June 2010 (€ 57,038 thousand as at 31 December 2009) refer to advance invoicing for advertising. The change compared to 31 December 2009 (€ 80,804 thousand) should be considered in conjunction with the trend in sales orders.

27. Segment Information

The primary presentation of the SEAT Pagine Gialle group is by Business Areas, since the risks and profitability of the Group are significantly affected by the differences between the products and services they offer. The secondary breakdown is by geographical area.
The Group's activities are organised and managed separately depending on the nature of the products and services provided, with each area representing a strategic business unit that offers different products and services to different markets.
Prices of intercompany transfers between areas are defined using the same conditions that apply to transactions with third parties.
Revenues, costs and results by Business Area include transfers between areas, which are eliminated at consolidated level.
The geographical areas of the Group are identified based on the location of the Group's activities and more or less equate to the legal entities operating in each Business Area.

In the table below was detailed the main economic and financial data of Business Areas of SEAT Pagine Gialle group

(euro/thousand)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Elimination and other adjustments	Consolidated Total
Revenues from sales and services	1st half year 2010	353,695	32,240	73,866	21,716	481,517	(18,321)	463,196
	1st half year 2009 *restated (*)*	387,776	32,577	84,129	25,378	529,860	(22,535)	507,325
	Year 2009	952,225	81,394	165,439	63,853	1,262,911	(53,090)	1,209,821
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	1st half year 2010	149,896	1,924	12,518	(1,853)	162,485	(88)	162,397
	1st half year 2009 *restated (*)*	160,087	640	19,732	(1,302)	179,157	61	179,218
	Year 2009	470,724	13,792	36,258	6,816	527,590	11	527,601
Operating result	1st half year 2010	120,412	(863)	4,600	(4,908)	119,241	(62)	119,179
	1st half year 2009 *restated (*)*	42,469	(2,107)	12,354	(3,976)	48,740	87	48,827
	Year 2009	305,403	(84,041)	24,679	(374)	245,667	61	245,728
Total assets	30 June 2010	4,246,166	127,669	247,572	306,757	4,928,164	(340,278)	4,587,886
	30 June 2009	4,318,937	225,601	264,312	311,310	5,120,160	(374,960)	4,745,200
	31 December 2009	4,239,036	118,449	254,443	317,503	4,929,431	(359,675)	4,569,756
Total liabilities	30 June 2010	3,399,928	134,118	71,845	292,272	3,898,163	(333,577)	3,564,586
	30 June 2009 *restated (*)*	3,563,402	126,109	95,447	293,876	4,078,834	(368,310)	3,710,524
	31 December 2009 *restated (*)*	3,381,661	121,263	82,375	298,230	3,883,529	(353,036)	3,530,493
Net invested capital	30 June 2010	3,538,043	45,210	116,648	18,858	3,718,759	(6,701)	3,712,058
	30 June 2009	3,510,028	147,730	110,855	20,651	3,789,264	(6,657)	3,782,607
	31 December 2009	3,600,063	43,349	111,085	20,270	3,774,767	(6,640)	3,768,127
Capital expenditure	1st half year 2010	12,080	894	1,511	1,472	15,957	-	15,957
	1st half year 2009 *restated (*)*	21,208	490	2,598	1,629	25,925	(372)	25,553
	Year 2009	41,866	1,138	5,783	3,572	52,359	(416)	51,943
Average workforce	1st half year 2010	1,219	687	2,444	373	4,723	-	4,723
	1st half year 2009 *restated (*)*	1,369	726	2,514	407	5,016	-	5,016
	Year 2009	1,336	728	2,476	407	4,947	-	4,947
Sales agents (average number)	1st half year 2010	1,593	-	2	43	1,638	-	1,638
	1st half year 2009 *restated (*)*	1,726	-	23	32	1,780	-	1,780
	Year 2009	1,682	-	20	36	1,738	-	1,738

(*) See Introduction for further details of first half year 2009 *restated* and year 2009 *restated*.

28. Revenues from sales and services

Revenues from sales and services totalled € 463,196 thousand in the first half of 2010, decreased compared to the first half year of 2009 *restated* (€ 507,325 thousand). Revenues from sales and services for Business Area were detailed as follows:

- *Italian Directories* (SEAT Pagine Gialle S.p.A.): in the first half of 2010 revenues totalled € 353,695 thousand, a fall of 8.8% compared to the corresponding period of the previous year. Revenues from core products (print-online-voice) fell compared to the first half of 2009, despite with considerable growth in online business, driven by traditional advertising methods and online marketing services. The impact of online revenues rose over the period compared to that of print products. The overall drop in revenues was also a result of a decline in revenue from *i)* voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services due to a reduction in the number of calls to directory assistance services; *ii)* some minor products, particularly BtoB, following the Company's strategic review of its product portfolio, which resulted in the decision to discontinue certain publications; *iii)* promotional items that suffered more than other products due to a slowly recovering economy and the sales force greater focus on core products, particularly online activities;
- *Directories UK (Thomson Directories group)* totalled € 32,240 thousand for the first half of 2010, down € 337 thousand compared to the first half of 2009. The revenues reflected the particularly difficult context of the UK directories market, which had a significant impact on all operators in the sector. Online activities saw a lesser fall in revenues after the Company began to develop its online business in 2009, facilitating the launch of new, innovative product ranges in the first half of 2010;
- *Directory Assistance (Telegate group including Telegate Italia S.r.l. and Prontoseat S.r.l)* totalled € 73,866 thousand in the first half of 2010, down around 12% compared to the first half of 2009 *restated* (€ 84,129 thousand). This was mainly due to the Telegate group, which generated revenues of € 68,405 thousand in the period (down 12.6% compared to the first half of 2009 *restated*). Revenues from Germany totalled € 56,086 thousand, a fall of 8.8% compared to the first half of 2009 restated (€ 61,536 thousand), due to the structural difficulties of the directory assistance market, with a steady decline in call volumes, which was only partially offset by the growth in online revenue (+€ 3 million). Prontoseat S.r.l. recorded revenues of € 5,465 thousand in the first half of 2010, down 5.2% compared to the first half of 2009, due to a fall in inbound revenue (14.7%), which was only partially offset by the growth in revenues from outbound traffic (7.1%);
- *Other activities (Europages S.A., Consodata S.p.A. and Cipi S.p.A.)* totalled € 21,716 thousand in the first half of 2010, down more than 14% compared to the same period of the previous year (€ 25,378 thousand) due to a fall in revenues from Europages and Cipi.

29. Other income and operating costs

29.1 Other income

Other income totalled € 2,767 thousand in the first half of 2010 (€ 2,011 thousand in the first half of 2009 *restated*). The item includes € 941 thousand relating to the recovery of postal, legal and administrative costs from third parties (€ 1,143 thousand in the first half of 2009). The change compared to the previous year is mainly attributable to gains on disposals of property, plant and equipment pertaining to the Parent Company (€ 807 thousand) in relation to the sale of the Via Mocchie property.

29.2 Materials

Materials cost amounted to € 14,703 thousand in the first half of 2010, down by € 2,840 thousand compared to the first half of 2009. Of this figure, € 12,576 thousand relates to paper consumption, a fall of 13.3% compared to the first half of 2009 as a direct result of a reduction in publications printed.
The item also includes € 1,804 thousand relating to consumption of products for resale (€ 2,605 thousand in the first half of 2009).

29.3 External services

External services cost amounted to € 163,303 thousand in the first half of 2010, down by € 5,869 thousand compared to the first half of 2009 *restated*. The change is essentially due to a drop in production costs, which fell by € 3,590 thousand, and in advertising expenditure, which was € 2,141 thousand lower than in the first half of 2009 *restated*.
More details can be found in the "Report on operations, paragraph Economic and financial performance of the Group".

29.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits, amounted to € 106,707 thousand in the first half of 2010, were down by € 5,810 thousand compared to the first half of 2009 *restated* (€ 112,517 thousand). SEAT Pagine Gialle S.p.A, the group's Parent Company, was largely responsible for this change, seeing its salaries, wages and employee benefits fall by € 3,970 thousand after reducing its average workforce from 1,369 employees in the first half of 2009 to 1,219 in the first half of 2010.
The Group's workforce, including directors, project workers and trainees, consisted of 5,126 employees as at 30 June 2010 (against 6,088 employees as at 31 December 2009). The average workforce in the first half of 2010 was 4,723 employees (5,016 employees in the first half of 2009 *restated*).

29.5 Non-recurring costs, net

Non-recurring costs, net totalled € 6,080 thousand in the first half of 2010 (€ 4,479 thousand in the first half of 2009 *restated*). Of this figure, € 4,832 thousand was incurred by the Parent Company for consultancy on new business development strategies and the new reporting system and for charges and provisions for tax consultancy.
The item also includes expenses (€ 1,024 thousand) paid to members of the TDL Infomedia group's pension scheme who signed up in the first half of 2010 to the enhanced transfer value program launched in 2009.

29.6 Restructuring costs, net

Restructuring costs, net, totalled € 3,009 thousand in the first half of 2010 (€ 11,926 thousand in the first half of 2009) and can be broken down as follows

(euro/thousand)	1st half year 2010	1st half year 2009	Change Absolute	%
Provision to reserve for restructuring exspenses	1,650	9,581	(7,931)	(82.8)
Restructuring costs	1,390	2,351	(961)	(40.9)
Reversal to the statements of operations	(31)	(6)	(25)	n.s.
Total restructuring costs, net	**3,009**	**11,926**	**(8,917)**	**(74.8)**

For more details, see points 24-25 of this Note.

30. Interest income and expense

30.1 Interest expense

Interest expense totalled € 127,332 thousand in the first half of 2010 (€ 110,424 thousand in the first half of 2009 restated), and can be broken down as follows

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Change Absolute	%
Interest expense on the loan with Lighthouse International Company S.A.	54,876	54,747	129	0.2
Interest expense on the loan with The Royal Bank of Scotland Plc Milan Branch	32,763	37,092	(4,329)	(11.7)
Interest expense on Senior Secured Bond	25,473	-	25,473	n.s.
Interest expense on asset-backed securities	2,681	3,576	(895)	(25.0)
Interest expense on leasing debt	1,142	1,163	(21)	(1.8)
Foreign exchange losses	4,805	8,854	(4,049)	(45.7)
Other financial expense	5,592	4,992	600	12.0
Total interest expense	**127,332**	**110,424**	**16,908**	**15.3**

Interest expense in the first half of 2010 included in particular:

- € 54,876 thousand of interest expense on the fixed-rate Subordinated loan with Lighthouse International Company S.A., in line with the amount recorded in the first half of 2009. This amount includes € 2,751 thousand in relation to the amortisation of transaction costs for the period;
- € 32,763 thousand of interest expense, net, against € 37,092 thousand in the first half of 2009 *restated* on the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland plc Milan branch. This amount includes € 5,464 thousand relating to transaction costs for the period, and € 9,263 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk;
- € 25,473 thousand of interest expense on liabilities under the Senior Secured Bond issued on 28 January 2010. This amount includes € 636 thousand relating to transaction costs for the period;
- € 2,681 thousand of interest expense (against € 3,576 thousand in the first half of 2009) on Asset Backed Securities issued in June 2006 by the special purpose entity, Meliadi Finance S.r.l., as part of a securitisation program;
- € 1,142 thousand of interest expense (against € 1,163 thousand in the first half of 2009) on debts due to Leasint S.p.A. in relation to seven financial leasing contracts raised for the purchase of the Turin property complex, Corso Mortara, to which SEAT Pagine Gialle S.p.A. relocated its offices at the end of December 2008;
- € 4,805 thousand of foreign exchange losses (against € 8,854 thousand in the first half of 2009) recorded as a result of hedging transactions against euro/sterling exchange rate risk, which were more than offset by the foreign exchange gains of € 7,044 thousand recorded under interest income.
- € 5,592 thousand of other financial expense, against € 4,992 thousand in the first half of 2009 *restated,* including € 2,679 thousand of losses from discounting non-current assets and liabilities (against € 2,920 thousand in the first half of 2009);

30.2 Interest income

Interest income in the first half of 2010 mainly included:

- € 825 thousand of interest income (€ 2,128 thousand in the first half of 2009) from non-current assets, particularly assets used to finance the Thomson group's pension fund;
- € 546 thousand of interest income (€ 1,819 thousand in the first half of 2009) from the investment of short-term liquidity in the banking system at Euribor rates, which fell sharply in the first half of 2010, due to the reduction in the average investment rate and the fall in average deposits;
- € 7,044 thousand of foreign exchange gains (€ 12,641 thousand in the first half of 2009) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk.

In the first half of 2010 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 7.25% (against 5.30% in the first half of 2009). This change was due to the difference in the structure of the debt following the issue of the new € 550,000 thousand 10.5% fixed-rate Senior Secured Bond at the end of January 2010 and the simultaneous early repayment of € 507,136 thousand of Senior bank facilities at a considerably lower variable rate.

31. Income taxes for the period

Income taxes for the period was negative for € 9,626 thousand in the first half of 2010 (positive for € 5,159 thousand in the first half of 2009 *restated*), and can be broken down as follows

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Change Assolute	Change %
Current income taxes	12,027	8,743	3,284	37.6
Provision reversal of deferred tax assets	(1,840)	516	(2,356)	n.s.
Provision (reversal) of deferred tax liabilities	(463)	(14,421)	13,958	96.8
Income taxes referred to the previous period	(98)	3	(101)	n.s.
Total income taxes for the period	**9,626**	**(5,159)**	**14,785**	**n.s.**

In accordance with the provisions of IAS 34, income taxes were calculated by applying the average rates expected for the entire year to the gross profit.

Net deferred tax assets and liabilities

The changes in deferred tax assets and liabilities, net during the period were as follows

(euro/thousand)	At 31.12.2009	Change during the period: Income taxes to statements of operations	Income taxes to equity	Foreign exchange adjustments and other movements	At 30.06.2010
Deferred tax assets	70,595	1,840	337	617	73,389
Deferred tax liabilities	(44,061)	463	251	-	(43,347)
Total	**26,534**	**2,303**	**588**	**617**	**30,042**
of which in the financial statement: (1)					
Deferred tax assets, net	*40,562*	-	-	-	*43,120*
Deferred tax liabilities, net	*(14,028)*	-	-	-	*(13,078)*

(1) Deferred tax assets and deferred tax liabilities are reported in the Financial Statement at their net value after offsetting themselves if required conditions are met, with reference to Tax Authority to which they are due, tax debtors and due time of payment.

Current tax assets

Current tax assets totalled € 8,485 thousand as at 30 June 2010 (€ 8,376 thousand as at 31 December 2009) and can be broken down as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009	Change
Income tax receivables	8,028	7,387	641
Other tax receivables	457	989	(532)
Total current tax assets	**8,485**	**8,376**	**109**

Current tax payables

Current tax payables totalled € 42,832 thousand as at 30 June 2010 (€ 39,258 thousand as at 31 December 2009) and can be broken down as follows

(euro/thousand)	At 30.06.2010	At 31.12.2009	Change
Income tax payables	25,498	17,209	8,289
Other tax payables	17,334	22,049	(4,715)
Total current tax payables	**42,832**	**39,258**	**3,574**

32. Non-current assets held for sale and discontinued operations

Following the decision to pull out of the Katalog Yayin ve Tanitim Hizmetleri A.S. joint-venture in Turkey (in the second quarter of 2009), and to sell its French subsidiary, 118 000 SAS (in the third quarter of 2009), the economic and financial results for these companies are recorded under "Non-current assets held for sale and discontinued operations", in accordance with the provisions of IFRS 5. Consequently, pursuant to the provisions of IFRS 5, the values of the statements of operations and statement of cash flows for the first half of 2009 have been restated in respect of those previously published.
The economic and financial results of non-current assets held for sale and discontinued operations are listed below.

Statements of operations

The statements of operations item "Profit (loss) from non-current assets held for sale and discontinued operations, net" in the first half of 2010 included costs related to the sale of 118 000 SAS, and in the first half of 2009 included costs related to the group's UK subsidiary, Calls You Control Ltd., and to Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S..

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Year 2009
Revenues		6,246	10,405
Operating costs	(162)	(5,944)	(12,948)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	**(162)**	**302**	**(2,543)**
Amortisation, depreciation, write-down and other non-recurring and restructuring costs	-	(7,169)	(3,734)
Operating result (EBIT)	**(162)**	**(6,867)**	**(6,277)**
Interest (expense) income, net	-	(388)	(700)
Gain (loss) from valuation of investments	-	(2,065)	(2,596)
Income taxes for the period	-	971	(84)
Net income from non-current assets held for sale and discontinued operations	**(162)**	**(8,349)**	**(9,657)**
Losses on disposal of subsidiary and other sale expenses	-	(2,474)	(2,680)
Profit (loss) from non-current assets held for sale and discontinued operations	**(162)**	**(10,823)**	**(12,337)**

Statement of financial position

The statement of financial position items "Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-current assets held for sale and discontinued operations" as at 30 June 2010 and 31 December 2009 included figures relating to the Group's interest in the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S..

(euro/thousand)	At 30.06.2010	At 31.12.2009
Tax receivables	326	326
Cash and cash equivalent	-	3
Non-current assets held for sale and discontinued operations	**326**	**329**
Trade payables	-	5
Reserves for operating risks and charges	250	250
Liabilities directly associated with non-current assets held for sale and discontinued operations	**250**	**255**

Cash flow statement

The item "Cash inflow (outflow) from non-current assets held for sale and discontinued operations" in the first half of 2010 included figures for the Group's French subsidiary, 118 000 SAS, and in the first half of 2009 included figures for the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S., the UK subsidiary, Calls You Control Ltd., and the French subsidiary, 118 000 SAS.

(euro/thousand)	1st half year 2010	1st half year 2009 restated
Cash inflow (outflow) from operating activities	(164)	(278)
Cash inflow (outflow) for investments	-	(132)
Cash inflow (outflow) for financing	-	(622)
Cash flow on non-current assets held for sale and discontinued operations	**(164)**	**(1,032)**

Cash outflow from non-current assets held for sale and discontinued operations totalled € 164 thousand in the first half of 2010, in relation to the sale of 118 000 SAS. In the first half of 2009 this item presented a cash outflow of € 1,032 thousand, referring mainly to the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S. (€ 853 thousand).

33. Related party transactions

With reference to the provisions of IAS 24 and pursuant to article 2, letter h) of CONSOB issuer regulation No. 11971/1999 (as subsequently amended), the economic and financial effects of transactions with related parties on the condensed consolidated financial statements of the SEAT Pagine Gialle group for the first half of 2010 are listed below. The economic and financial effects of intra-group transactions between consolidated companies have been eliminated in the consolidated data.
Transactions carried out by group companies with related parties, including intra-group transactions, come under ordinary operating activities and are subject to market conditions or specific legislative provisions. No atypical and/or unusual transactions or transactions potentially giving rise to a conflict of interest were carried out, with the exception of the agreement to extend the dividend payment deadline for companies with significant influence over the Company (leading shareholders). For more details, see point 19 of the Explanatory note.

Statements of operations

(euro/thousand)	1st half year 2010	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2010	*% impact on item*
Material and external services	(178,006)	-	-	(17)	(17)	*n.s*
Salaries, wages an employee benefits	(106,707)	-	-	(2,577)	(2,577)	*2.4*
Non-recurring costs, net	(6,080)	-	-	(70)	(70)	*1.2*
Interest expense	(127,332)	(54,876)	(19)	-	(54,895)	*43.1*

(*) Directors, statutory auditors and executives with strategic responsibility

(euro/thousand)	1st half year 2009 restated	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2009 restated	*% impact on item*
Material and external services	(186,715)	-	-	(86)	(86)	*n.s*
Salaries, wages an employee benefits	(112,517)	-	-	(3,163)	(3,163)	*2.8*
Non-recurring costs	(4,479)	-	-	(801)	(801)	*17.9*
Interest expense	(110,424)	(54,747)	(570)	-	(55,317)	*50.1*
Profit (loss) from discontinued operations / non-current assets held for sale	(10,823)	(21)	-	(112)	(133)	*1.2*

(*) Directors, statutory auditors and executives with strategic responsibility

Statement of financial position

(euro/thousand)	As at 30 June 2010	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 30 June 2010	*% impact on item*
Non-current financial liabilities	(2,834,872)	(1,272,803)	-	350	(1,272,453)	*44.9*
Non-current reserves to employees	(42,750)	-	-	(175)	(175)	*0.4*
Current financial liabilities	(197,864)	(17,375)	(13,545)	-	(30,920)	*15.6*
Trade payables	(196,011)	-	-	(633)	(633)	*0.3*

(*) Directors, statutory auditors and executives with strategic responsibility

(euro/thousand)	As at 31 December year 2009	Associates	Companies with significant influence	Other related parties (*)	Total related parties at 31 December	*% impact on item*
Cost of the capital increase accounted for the equity	10,671	-	-	1,281	1,281	*12.0*
Non-current financial liabilities	(2,396,012)	(1,270,052)	-	204	(1,269,848)	*53.0*
Non-current reserves to employees	(42,896)	-	-	(100)	(100)	*0.2*
Current financial liabilities	(628,849)	(17,375)	(13,526)	-	(30,901)	*4.9*
Trade payables	(228,947)	-	-	(729)	(729)	*0.3*
Payables for services to be rendered and other current liabilities	(100,493)	-	-	(1,600)	(1,600)	*1.6*

(*) Directors, statutory auditors and executives with strategic responsibility

Cash flow statement

(euro/thousand)	1st half year 2010	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2010	*% impact on item*
Cash inflow (outflow) from operating activities	176,308	-	-	(4,285)	(4,285)	*(2.4)*
Cash inflow (outflow) for investments	(14,799)	-	-	-	-	-
Cash inflow (outflow) for financing	(116,344)	(52,125)	-	(146)	(52,271)	*(44.9)*
Cash flow on non-current assets held for sale and discontinued operations	(164)	-	-	-	-	-
Cash flow for the period	**45,001**	**(52,125)**	**-**	**(4,431)**	**(56,556)**	***n.s.***

(*) Directors, statutory auditors and executives with strategic responsibility

(euro/thousand)	1st half year 2010 *restated*	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2009 restated	*% impact on item*
Cash inflow (outflow) from operating activities	213,496	-	-	(4,646)	(4,646)	*(2.2)*
Cash inflow (outflow) for investments	(25,720)	-	-	-	-	-
Cash inflow (outflow) for financing	(138,188)	(52,125)	(17,520)	(204)	(69,849)	*(50.5)*
Cash flow on non-current assets held for sale and discontinued operations	(1,032)	2,846	-	(112)	2,734	*n.s.*
Cash flow for the period	**48,556**	**(49,279)**	**(17,520)**	**(4,962)**	**(71,761)**	***n.s.***

(*) Directors, statutory auditors and executives with strategic responsibility

Main economic and financial items relating to associate companies, jointly-controlled companies and companies with significant influence over SEAT Pagine Gialle S.p.A..

Statements of operations

(euro/thousand)	1st half year 2010	1st half year 2009 restated	Type of transaction
INTEREST EXPENSE of which			
Lighthouse International Company S.A.	(54,876)	(54,747)	interest expense, changes and write-down of multi-year charges on long-term Subordinated facilities
Leading shareholders	(19)	(570)	interest expense on dividends to Leading shareholders
Total interest expense	**(54,895)**	**(55,317)**	
PROFIT (LOSS) FROM NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS of which			
Katalog Yayin ve Tanitim Hizmetleri A.S.	-	(21)	recovery of seconded personnel expense and repayments for services
Total profit (loss) from non-current assets held for sale and discontinued operations	**-**	**(133)**	

Statements of financial position

(euro/thousand)	At 30.06.2010	At 31.12.2009	Type of transaction
NON CURRENT FINANCIAL DEBTS of which			
Lighthouse International Company S.A.	(1,272,803)	(1,270,052)	Subordinated loan
Total non-current financial debts	**(1,272,803)**	**(1,270,052)**	
CURRENT FINANCIAL DEBTS of which			
Leading shareholders	(13,545)	(13,526)	dividends to Leading shareholders, interest-bearing
Lighthouse International Company S.A.	(17,375)	(17,375)	outstanding interest expense for the year
Total current financial debts	**(30,920)**	**(30,901)**	

Remuneration paid to executives with strategic responsibility
Remuneration paid to directors

(euro/thousand))	1st half year 2010	1st half year 2009
Managers with strategic responsibility	1,552	1,661
Remuneration to directors and statutory auditors (1)	1,195	3,405

(1) Included payments to Studio Legale Giliberti Pappalettera Triscornia and Associati for consultancy to SEAT Pagine Gialle S.p.A..

34. Other information

Equity investments included in the consolidated financial statements using the full consolidation method (CONSOB communication DEM/6064293 of 28 July 2006)

Company (business)	Registered office	Share capital		Ordinary shares held %	Ordinary shares held by	% held by SEAT Pagine Gialle S.p.A.
CIPI S.p.A. (merchandising of promotional objects)	Milan (Italy)	Euro	1,200,000	100.00	SEAT Pagine Gialle S.p.A.	100.00
CONSODATA S.p.A. (direct marketing services; database creation, management and distribution)	Rome (Italy)	Euro	2,446,330	100.00	SEAT Pagine Gialle S.p.A.	100.00
EUROPAGES S.A. (production, promotion and marketing of the search engine B2B European "Annuario on line")	Parigi (France)	Euro	2,800,000	93.562	SEAT Pagine Gialle S.p.A.	93.562
EUROPAGES GmbH (in liquidation) (promotion and marketing of the search engine B2B European "Annuario on line")	Monaco (Germany)	Euro	25,000	100.00	Europages S.A.	93.562
EUROPAGES Benelux SPRL (promotion and marketing of search engine B2B European "Annuario on line")	Bruxelles (Belgium)	Euro	20,000	99.00	Europages S.A.	92.626
PRONTOSEAT S.r.l. (call center service)	Torino (Italy)	Euro	10,500	100.00	SEAT Pagine Gialle S.p.A.	100.00
SEAT CORPORATE UNIVERSITY S.c.a.r.l. (in liquidation) (training activity for manager especially in advertising communications to SMEs)	Torino (Italy)	Euro	10,000	95.00 5.00	SEAT Pagine Gialle S.p.A. Prontoseat S.r.l.	100.00
TELEGATE ITALIA S.r.l. (call center performances)	Torino (Italy)	Euro	129,000	100.00	SEAT Pagine Gialle S.p.A.	100.00
TDL INFOMEDIA Ltd. (holding)	Hampshire (United Kingdom)	Sterling	139,525	100.00	SEAT Pagine Gialle S.p.A.	100.00
THOMSON DIRECTORIES Ltd. (publishing and distribution of directories)	Hampshire (United Kingdom)	Sterling	1,340,000	100.00	TDL Infomedia Ltd.	100.00
CALLS YOU CONTROL Ltd. (in liquidation) (call routing services provider)	Hampshire (United Kingdom)	Sterling	1	100.00	Thomson Directories Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd. (administration of Thomson Directories Pension Fund)	Hampshire (United Kingdom)	Sterling	2	100.00	Thomson Directories Ltd.	100.00
MOBILE COMMERCE Ltd. (call center services)	Cirencester (United Kingdom)	Sterling	497	10.00	TDL Infomedia Ltd.	10.00
TELEGATE HOLDING GmbH (holding)	Monaco (Germany)	Euro	26,100	100.00	SEAT Pagine Gialle S.p.A.	100.00
TELEGATE AG (call center services)	Monaco (Germany)	Euro	21,234,545	16.24 61.13	SEAT Pagine Gialle S.p.A. Telegate Holding GmbH	77.37
DATAGATE GmbH (call center services)	Monaco (Germany)	Euro	60,000	100.00	Telegate AG	77.37
WerWieWas GmbH (call center services)	Monaco (Germany)	Euro	25,000	100.00	Datagate GmbH	77.37

TELEGATE AKADEMIE GmbH (training of call center personnel)	Rostock (Germany)	Euro	25,000	100.00	Telegate AG	77.37
TELEGATE AUSKUNFTDIENSTE GmbH (call center services)	Monaco (Germany)	Euro	25,000	100.00	Telegate AG	77.37
11811 NUEVA INFORMACION TELEFONICA S.A.U. (call center services)	Madrid (Spain)	Euro	222,000	100.00	Telegate AG	77.37
11880 TELEGATE GmbH (call center services)	Vienna (Austria)	Euro	35,000	100.00	Telegate AG	77.37
UNO UNO OCHO CINCO CERO GUIAS S.L. (call center services)	Madrid (Spain)	Euro	3,100	100.00	Telegate AG	77.37
TELEGATE MEDIA AG (sale of on-line directories)	Essen (Germany)	Euro	4,039,999	100.00	Telegate AG	77.37
TELEGATE LLC (development and site optimisation)	Yerevan (Armenia)	AMD	50,000	100.00	Telegate AG	77.37
MELIADI FINANCE S.r.l. (*) (special purpose entity)	Milano (Italy)	Euro	10,000	-	-	-

(*) SPE set up for the securitisation of trade receivables within the meaning of Law 130/99, not owned by the SEAT Pagine Gialle group but fully consolidated in accordance with SIC 12.

Investments valued at equity (CONSOB communication DEM/6064293 of 28 July 2006)

Company (business)	Registrered office	Share capital		Ordinary shares held %	Ordinary shares held by	% held by SEAT Pagine Gialle S.p.A.
Associates						
LIGHTHOUSE INTERNATIONAL COMPANY S.A. (holding)	Lussemburgo	Euro	31,000	25.00	SEAT Pagine Gialle S.p.A.	25.00
INDIRECT S.P.R.L. (in liquidation) (supply services)	Bruxelles (Belgium)	Euro	148,736	27.00	TDL Infomedia Ltd.	27.00
TDL BELGIUM S.A. (in liquidation) (pubblishing and distibution of directories)	Bruxelles (Belgium)	Euro	18,594,176	49.60	TDL Infomedia Ltd.	49.60

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Other information

Certification of the condensed consolidated first half year financial statements within the meaning of art. 154-bis of Legislative Decree No. 58/98

1. The undersigned Alberto Cappellini, acting in his capacity as Chief Executive Officer, and Massimo Cristofori, acting in his capacity as manager responsible for the preparation of the financial statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, that in the preparation of the Condensed consolidated first half year financial statements all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in the first half year of 2010.

2. All administrative and accounting procedures relating to the preparation of the Condensed consolidated financial statements as at 30 June 2010 were critically reviewed during the first half year to ensure their relevance and full application. The review did not reveal any anomalies.

3. We furthermore declare that:

   3.1. the Condensed consolidated financial statements as at 30 June 2010:
   - have been prepared in accordance with the IAS/IFRS recognised as applicable by the European Community and under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and in particular with IAS 34 (Interim Financial Reporting) and with the regulations flowing from the implementation of section 9 of Legislative Decree 38/2005;
   - agree with the books and accounting records;
   - offer a true and fair view of the assets and economic and financial position of the Company and of all the companies included in the consolidation;

   3.2. the interim report on operations refers to major events in the first six months of the financial year and their impact on the interim financial statements, and describes the main risks and uncertainties surrounding the remaining six months of the period, as well as information on major transactions with related parties.

Milan, 4 August 2010

Chief Executive Officer Alberto Cappellini	Manager responsible for the preparation of the financial statements Massimo Cristofori

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Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
SEAT Pagine Gialle S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the statements of financial position, income, comprehensive income, changes in equity, cash flows and the related explanatory notes, of SEAT Pagine Gialle S.p.A. and its subsidiaries (the "SEAT Group") as of June 30, 2010. Management of SEAT Pagine Gialle S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   The consolidated financial statements of the prior year and the interim condensed consolidated financial statements as of June 30, 2009 are presented for comparative purposes. As reported in the explanatory notes, Management has restated certain comparative data related to the prior half year period and to the statement of financial position as of December 31, 2009, with respect to the information previously presented, on which we issued our reports on August, 27, 2009 and March 25, 2010. We have examined the methods adopted to restate the comparative financial information, and the related disclosures, for the purpose of issuing this review report.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of SEAT Pagine Gialle S.p.A as of June 30, 2010 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 27, 2010

Reconta Ernst & Young S.p.A.
Signed by: Luigi Conti, Partner

This report has been translated into the English language solely for the convenience of international readers

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CC.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.I. 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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